

City Council

Special Meeting Agenda

Thursday, October 4, 2018
Library Meeting Room
951 Spruce Street
6:00 PM

- 1. CALL TO ORDER**
- 2. DISCUSSION/DIRECTION – CITY MANAGER’S PROPOSED 2019-2020 OPERATING & CAPITAL BUDGET, 2019 – 2024 CAPITAL IMPROVEMENTS PLAN, AND 2019-2024 LONG-TERM FINANCIAL PLAN**
 - A. 2019-2020 OPERATING AND CAPITAL BUDGET**
 - Staff Presentation
 - Council Questions & Comments
 - B. 2019-2024 CAPITAL IMPROVEMENTS PLAN**
 - Staff Presentation
 - Council Questions & Comments
 - C. FINANCIAL POLICES**
 - Staff Presentation
 - Council Questions & Comments
 - D. RECREATION AND SENIOR CENTER 2019 FEES**
 - Staff Presentation
 - Council Questions & Comments
 - E. PAVEMENT MANAGEMENT**
 - Staff Presentation
 - Council Questions & Comments
- 3. ADJOURN**

Citizen Information

If you wish to speak at the City Council meeting, please fill out a sign-up card and present it to the City Clerk.

Persons with disabilities planning to attend the meeting who need sign language interpretation, assisted listening systems, Braille, taped material, or special transportation, should contact the City Manager’s Office at 303 335-4533. A forty-eight-hour notice is requested.

SUBJECT: DISCUSSION/DIRECTION – CITY MANAGER’S PROPOSED
2019-2020 OPERATING & CAPITAL BUDGET, 2019 – 2024
CAPITAL IMPROVEMENTS PLAN, AND 2019-2024 LONG-TERM
FINANCIAL PLAN

DATE: OCTOBER 4, 2018

PRESENTED BY: HEATHER BALSER, CITY MANAGER

SUMMARY:

Per the agenda staff would like to review/receive direction for the following items:

- A) Operational 2019-2020 Operational and Capital Budget
- B) 2019-2024 Capital Improvements Plan
- C) Financial Policies
- D) Recreation and Senior Center Fees
- E) Pavement Management

[The link to the October 2nd City Council packet with the Proposed 2019-2020 Operating and Capital Budget, 2019-2024 Capital Improvements Plan and the 2019-2024 Long-Term Financial Plan can be found here.](#)

Additional materials are provided for the discussion on financial policies, recreation and senior center fees and pavement management with a council communication for each item.

Specific to financial policies, staff has provided a starting point for discussing operating and capital transfers to the Recreation and Golf Funds. Further discussion/direction is requested on the proposed/amended policies or other factors that should determine transfers, General Fund or Capital fund, and/or reserve amounts. Other possible ways to address transfers could be to specify amounts, percentages, funding caps, pick a base with year with CPI (similar to Open Space and Parks Fund), speak to levels of subsidy/revenue generation, etc.

RECOMMENDATION:

Discussion/Direction

**SUBJECT: RECOMMENDATIONS FOR AMENDMENTS TO FINANCIAL
POLICIES**

DATE: OCTOBER 4, 2018

**PRESENTED BY: HEATHER BALSER, CITY MANAGER
KEVIN WATSON, FINANCE DIRECTOR**

SUMMARY:

The City of Louisville's initial Fiscal Policies were adopted in 1984 and were updated intermittently until 1997. In 2015, staff updated and modernized the policies. Staff worked closely with the Finance Committee and on December 15, 2015, the City Council formally approved the new Financial Policies by Resolution 92, Series 2015.

The approved policies include an Introduction section and the following policy sections:

1. General Policies
2. Reserve Policies
3. Debt Policies
4. Revenue Policies
5. Operating Budget Policies
6. Investment Policies
7. Capital Asset Investment & Management Policies
8. Accounting, Auditing, and Financial Reporting Policies

The process for developing the policies included a review of the Government Finance Officers Association's (GFOA's) Best Practices and other GFOA literature on each subject matter. It also included a review of GFOA's sample policies in each area, which included reviews of actual policies from various counties and municipalities throughout the country. Staff attempted to include all relevant policy elements deemed "best practices" by the GFOA.

Prior to Council adoption, the Debt Policies were reviewed by the City's Financial Advisor and the Investment Policies were reviewed by the City's Investment Advisor. Standard and Poor's also reviewed the City's Financial Policies during their rating review of the 2017 Recreation Center General Obligation Bond issue and responded with very positive comments.

Future policy sections under consideration include long-term financial planning, internal controls, risk management, and an update to the current procurement policy.

Below is a brief summary of some of the main policy elements within each policy section, which assumes Council approval of proposed amendments.

Introduction

- States the overall purpose of financial policies.
- Discusses the difference between policies and statements of procedures.
- Contains a list of definitions related to all policy sections.

General Policies

- Requires a set of financial indicators to be calculated and disclosed in the City's budget documents.

Reserve Policies

- Defines both minimum and targeted reserve levels for the General Fund.
- Defines minimum reserve levels for the Open Space & Parks Fund and establishes a recurring annual support transfer from the General Fund.
- Defines minimum reserve levels for the Cemetery Fund and establishes a recurring annual support transfer from the General Fund.
- Defines minimum reserve levels for the three Enterprise Funds that comprise the Combined Utility Fund.
- Defines minimum operational reserve levels and capital asset renewal and replacement reserve levels for the Recreation Fund. Establishes a recurring annual support transfer from the General Fund.
- Defines minimum operational reserve levels and capital asset renewal and replacement reserve levels for the Golf Course Fund. Establishes a recurring annual support transfer from the General Fund.

Debt Policies

- Discusses factors which may favor "pay-as-you-go" financing and those that may favor "pay-as-you-use" financing.
- Discusses and recommends debt financing structures and methods of sale.
- Does not apply to debt issued by the Urban Revitalization District.

Revenue Policies

- States that the City will value diversification, stabilization, and equity within its revenue structure.
- Formalizes the desire to fund all recurring expenditures with recurring revenue and that non-recurring revenue should be used to fund only non-recurring, one-time expenditures.
- Sets guidelines for use of intergovernmental revenue.
- Sets broad guidelines for setting user fees and charges.

- Allows setting fees for children's recreational programs and senior services at levels below the full cost of providing those services.
- Allows setting fees for non-residents at a higher level than those for residents.

Operating Budget Policies

- Defines the City's "budgetary basis" of accounting.
- Formalizes the City's level of budgetary control at the fund level. In other words, expenditures do not legally exceed appropriations until they do so at the fund level, as opposed to at the department or line item level. Therefore, budget amendments are not legally necessary until appropriations at the fund level are being exceeded.
- Defines "balanced budget" and states the City's intent to also have a *structurally* balanced budget.
- Requires a Capital Improvement Plan and a Long-Term Financial Plan to be presented at the time of budget development.

Investment Policies

- Sets safety, liquidity, and yield objectives.
- Defines legal investments.
- Defines standards of care and performance.

Capital Asset Investment & Management Policies

- Broadly defines the Six-Year Capital Improvement Plan (C-I-P) process.
- Defines and requires a "balanced" C-I-P.
- States the City's intent to preserve existing infrastructure before allocating resources to new capital projects.

Accounting, Auditing, and Financial Reporting Policies

- Officially designates the City's Finance Committee as the City's Audit Committee.
- Discusses the City's internal control structure and the COSO framework.
- Sets the City's capitalization threshold.
- Grants authorization to the Finance Committee, City Manager, and Finance Director regarding "write-offs" of bad debt.

Staff is proposing to amend the Introduction section and the following policy sections from the December 15, 2015 versions:

- General Policies
- Reserve Policies
- Revenue Policies
- Operating Budget Policies
- Capital Asset Investment & Management Policies
- Accounting, Auditing, and Financial Reporting Policies

Attached to this communication are copies of the current Financial Policies as adopted on December 15, 2015 and redlined to show all the proposed amendments.

The most significant amendments are in the Reserve Policies and are shown below.

- 2.2 Open Space & Parks Fund Reserves.** The entire fund balance for the Open Space and Parks Fund is restricted by voters for acquisition, development, and operation of open space, trails, wildlife habitats, wetlands, and parks.

The minimum fund balance of the Open Space and Parks Fund shall be maintained at or above 15% of current operating expenditures. For purposes of this policy, operating expenditures include only open space and parks operations and exclude all interfund transfers and capital outlay.

~~The targeted fund balance of the Open Space and Parks Fund will include the minimum fund balance plus an amount sufficient to cover the City's share (considering other likely joint partners) of the total projected cost of acquiring the three highest priority candidate open space properties. As the highest priority properties are purchased, this amount will be adjusted.~~

The Open Space & Parks Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Open Space & Parks Fund is maintained at or above 15% of current operating expenditures.

The City Council will annually consider interfund transfers of excess General Fund or Capital Project Fund balances to the Open Space & Parks Fund for property acquisition reserves.

~~Use of reserves below the targeted amount requires authorization from City Council. In the event reserves are used resulting in an unrestricted fund balance below the 15% minimum, in the event reserves are used to acquire open space property resulting in a fund balance below the targeted amount,~~ a plan will be developed to replenish the reserves as quickly as reasonably possible and presented as part of a long-term financial plan. Methods of replenishing fund balance may include transfers from other funds, securing loans from other agencies to jointly purchase property, seeking approval of bonds to finance property acquisition, and/or delaying/reducing expenditures for development, construction, operation, and maintenance of open space zones, trails, wildlife habitats, wetlands, and parks.

- 2.5 Recreation Fund Reserves.** The minimum unrestricted fund balance of the Recreation Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures are defined as all expenditures, excluding interfund transfers and capital outlay.

The Recreation Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Recreation Fund is maintained at or above 15% of current operating expenditures.

In addition to maintaining an operating reserve, the Recreation Fund will also maintain a capital asset renewal and replacement reserve. The purpose of this reserve is to accumulate funds for the eventual replacement of Recreation Center and Memory Square Pool assets. The calculation of this reserve will be made by the Finance Department and the methodology used will be approved by the Finance Committee on an annual basis.

Funding for the capital asset renewal and replacement reserve will be made by annual transfers from the Capital Projects Fund and/or excess reserves from the General Fund, when available.

2.6 Golf Course Fund Reserves. The minimum unrestricted fund balance of the Golf Course Fund shall be maintained at or above 15% of current operating expenditures. For purposes of this policy, operating expenditures are defined as all expenditures, excluding interfund transfers and capital outlay.

The Golf Course Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Golf Course Fund is maintained at or above 15% of current operating expenditures.

In addition to maintaining an operating reserve, the Golf Course Fund will also maintain a capital asset renewal and replacement reserve. The purpose of this reserve is to accumulate funds for the eventual replacement of Golf Course assets. The calculation of this reserve will be made by the Finance Department and methodology used will be approved by the Finance Committee on an annual basis.

Funding for the capital asset renewal and replacement reserve will be made by annual transfers from the Capital Projects Fund and/or excess reserves from the General Fund, when available.

FISCAL IMPACT:

None

RECOMMENDATION:

Submitted for review and discussion only.

SUBJECT: RECOMMENDATIONS FOR AMENDMENTS TO FINANCIAL POLICIES

DATE: OCTOBER 4, 2018

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ATTACHMENTS:

1. Financial Policies as adopted on December 15, 2015 and redlined to show all the proposed amendments.
2. Presentation



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FINANCIAL POLICIES

Introduction

The City of Louisville is an organization charged with providing a wide range of services that are supported by a wide range of revenue sources. The City's Financial Policies have been established to guide the City in providing these services in the most efficient way possible within the bounds of available revenue.

Financial policies are central to a strategic, long-term approach to financial management and are intended to serve as a blueprint to achieve the financial stability required to accomplish the City's goals and objectives. More specifically, the intent of adopting a written set of financial policies is to institutionalize good financial management, clarify strategic intent for financial management, define certain boundaries and limits on actions that staff may take, support good bond ratings, promote long-term and strategic thinking, manage risks to financial condition, and comply with established best practices in public management.

The City's Financial Policies have been written in relatively broad terms as guidelines for financial management decisions. These policies should not be confused with administrative statements of operating procedure, which cover the detailed steps needed to accomplish business processes.

The City's Financial Policies shall be adopted by resolution of the City Council. The policies shall be reviewed annually by management and any modifications made thereto must also be approved by resolution of the City Council.

Definitions

- *Advanced Refunding* – a refunding in which the outstanding bonds are callable and remain outstanding for a period of more than 90 days after the issuance of the refunding bonds. Proceeds from the sale of the refunding bonds are used to purchase permissible legal securities, which are deposited into an escrow account.
- *Agencies* – federal agency securities and/or Government-sponsored enterprises.
- *Arbitrage* – the difference between the interest paid on the tax-exempt securities and the interest earned by investing the proceeds in higher-yielding taxable securities. The Internal Revenue Service regulates arbitrage on the proceeds from the issuance of municipal securities.
- *Bankers' Acceptance* – a draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.
- *Broker* – brings buyers and sellers together for a commission.

- *Capital Budget* – the first two years of the ~~Five~~Six-Year Capital Improvement Plan. These amounts are automatically included in the annual biennial budget process.
- *Capital Improvement Plan (C-I-P)* – a plan that describes the capital projects and associated funding sources the City intends to undertake ~~in the next fiscal year plus four additional future years~~during the next six years.
- *Collateral* – Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies (Public Deposit Protection Act; CRS 11-10.5-101 et seq.)
- *Current Refunding* – a refunding in which the outstanding bonds are retired within 90 days after the new bonds are sold.
- *Competitive Bond Sale* – bonds are marketed to a wide audience of investment banking (underwriter) firms. Sealed bids are submitted at a specific date and time and the underwriter is selected based on its bid for the City's securities.
- *Dealer* – as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.
- *Delivery-versus-Payment* – delivery of securities with an exchange of money for the securities. Delivery-versus-receipt is delivery of securities with an exchange of a signed receipt for the securities.
- *Full Accrual Basis of Accounting* – under this basis of accounting, revenue is recognized when earned and expenses are recognized when the liability is incurred.
- *Fund* – An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying out specific activities or attaining certain objectives.
- *Fund Balance* – the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a governmental fund.
 - *Non-spendable Fund Balance* – fund balance that is inherently non-spendable, such as the long-term portion of loans receivable, the principal of an endowment, and inventories.
 - *Restricted Fund Balance* – fund balance that has externally enforceable limitations on its use, imposed by parties such as creditors, grantors, or laws and regulations of other governments.
 - *Committed Fund Balance* – fund balance with limitations imposed by the government itself at its highest level of decision making. For example, for the City of Louisville, this would be limitations imposed on fund balance by the Council through an ordinance or resolution.

- *Assigned Fund Balance* – fund balance that is earmarked for an intended use at either the highest level of decision making or by a body or an official designated for that purpose.
- *Unassigned Fund Balance* – all fund balances that are left after considering the other four categories. Use is the least restricted in this category of fund balance.
- *Unrestricted Fund Balance* – a category of fund balance that comprises committed fund balance, assigned fund balance, and unassigned fund balance. Unrestricted fund balance is, therefore, unconstrained or the constraints are self-imposed, so they could be lifted in order to make fund balances available for other purposes.
- *General Fund Operating Expenditures* – as used in the financial indicators, this term refers to total General Fund expenditures, less non-recurring interfund transfers-out.
- *General Fund Operating Revenue* – as used in the financial indicators, this term refers to total General Fund revenue, less other financing sources (such as sales of assets) and interfund transfers-in.
- *General Fund Recurring Expenditures* – as used in the financial indicators, this term refers to total General Fund expenditures, less non-recurring interfund transfers-out.
- *General Fund Recurring Revenue* – as used in the financial indicators, this term refers to total General Fund revenue, less non-recurring building-related revenue, non-recurring and non-operational grants, other financing sources, and interfund transfers-in.
- *General Fund Sales Tax Revenue* – as used in the financial indicators, this term refers to total sales tax revenue less any sales tax rebates due to Business Assistance Packages.
- *General Obligation Bonds* – bonds backed by the “full faith and credit” of the City. Bondholders have the authority to compel the City to use its taxing power, or to use other revenue sources, to generate the revenue necessary to repay the bonds. General obligation bonds are subject to the City’s debt limitation and voter approval is required.
- *Liquidity* – refers to the ease in which an asset can be converted into cash without a substantial loss of value.
- *Modified Accrual Basis of Accounting* – under this basis of accounting, revenue is recognized when it become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when they are expected to draw on current spendable resources.
- *Negotiated Bond Sale* – the City selects the underwriter in advance of the bond sale. The Financial Advisor and City staff work with the underwriter to bring the issue to the market and negotiate all rates and terms of the sale.

- ~~*Open Space & Parks Fund Targeted Fund Balance* – as used in the financial indicators, this term refers to 15% of current operating expenditures plus an amount sufficient to cover the City's share of the total projected cost of acquiring the three highest priority candidate open space properties~~
- *Private Bond Placement* – the City sells its bonds to a limited number of sophisticated investors, and not the general public.
- *Program* – A set of activities, operations, or organizational units designed and directed to accomplish specific service outcomes or objectives for a defined customer.
- *Refunding* – refinancing an outstanding bond issue by issuing new bonds.
- *Revenue Bonds* – bonds secured by revenue generated by user fees or by other non-ad valorem revenue sources typically generated by the project being financed. Only the specific revenue source is pledged for the bond repayment. No taxing power or General fund pledge is provided as security. Revenue bonds are not subject to the City's debt limitation and voter approval is not required.
- *TABOR* – the Taxpayer Bill of Rights amendment to the Colorado Constitution and other Colorado law and court decisions.
- *Treasuries* – securities issued by the U.S. Treasury to finance the national debt. Treasury Bills are non-interest bearing discount securities that mature in one year or less. Treasury Notes are coupon bearing securities having initial maturities of two to ten years. Treasury Bonds are coupon-bearing securities having initial maturities of more than ten years.
- *Underwriter* – a dealer that purchases new issues of municipal securities from the issuer and resells them to investors. The difference between the price at which the bonds are bought and the price at which they are offered to investors is the underwriter's discount.
- *Utility Fund Budgetary Basis Expenses* – as used in the financial indicators, this term refers all expenses under the City's budgetary basis of accounting, less capital outlay and interfund transfers-out.
- *Working Capital* – current assets less current liabilities. Used as a measure of *reserves* in proprietary funds. Proprietary funds, unlike governmental funds, report both capital assets and long-term debt, even though neither is directly relevant to near-term financing. Therefore, the difference between proprietary fund assets and liabilities (net position) is not equivalent to the fund balance reported in governmental funds, and is not a useful indicator of *reserves*.
- *Yield* – the rate of annual income return on an investment, expressed as a percentage. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

General Policies

Policy Section: 1
Adopted by Resolution No. ~~92, Series 2015~~
Effective Date: ~~December 15, 2015~~

Purpose and Scope

General Policies are financial policies that are not easily categorized under any of the other policy sections. Among other things, these policies will direct management to calculate specific information about the City of Louisville's current fiscal condition, past and future trends, as well as providing guidelines for making fiscal decisions and assuring that the City continues to pursue a financially prudent course.

Policies

- 1.1 **Financial Indicators.** The City of Louisville shall annually calculate and publish financial indicators consistent with those listed in Appendix "A". All indicators shall be calculated as of year-end and published each year in the budget document, along with the previous year's indicators for up to ten years. Any indicator that shows a warning trend when compared to prior years shall be more closely analyzed for reasons why a change has occurred.

City of Louisville, Colorado
Financial Policies
General Policy 1.1
Appendix A - Financial Indicators

Category	Description	Formula	Warning Trend
Revenue:			
	General Fund Revenue Per Capita	$\frac{\text{General Fund Operating Revenue}}{\text{Population}}$	Decrease
	General Fund Intergovernmental Revenue	$\frac{\text{General Fund Intergovernmental Revenue}}{\text{General Fund Operating Revenue}}$	Increase
	General Fund Sales Tax	$\frac{\text{General Fund Sales Tax Revenue}}{\text{General Fund Operating Revenue}}$	Decrease
	General Fund Property Tax	$\frac{\text{General Fund Property Tax Revenue}}{\text{General Fund Operating Revenue}}$	Decrease
	General Fund Actual Revenue vs. Budget	$\frac{\text{General Fund Actual Revenue}}{\text{General Fund Budgeted Revenue}}$	Decrease
Expenditures:			
	General Fund Expenditures Per Capita	$\frac{\text{General Fund Operating Expenditures}}{\text{Population}}$	Increase
	General Fund Expenditures vs. Budget	$\frac{\text{General Fund Actual Expenditures}}{\text{General Fund Budgeted Expenditures}}$	Increase
	City-Wide Employees Per Capita	$\frac{\text{City-Wide Employees (FTE's)}}{\text{Population}}$	Increase
	City-Wide Employee Benefit Cost	$\frac{\text{City-Wide Employee Benefits Cost}}{\text{City-Wide Employee Wages Cost}}$	Increase
Operating Position:			
	General Fund Operational Surplus/(Deficit)	$\frac{\text{General Fund Recurring Operating Revenue}}{\text{General Fund Recurring Operating Expenditures}}$	Decrease
	General Fund Operating Margin	$\frac{\text{General Fund Operational Surplus/(Deficit)}}{\text{General Fund Recurring Operating Revenue}}$	Decrease
	General Fund Reserves	$\frac{\text{General Fund Unrestricted Fund Balance}}{\text{General Fund Operating Expenditures}}$	Decrease
	Open Space & Parks Fund Reserves	$\frac{\text{Open Space \& Parks Fund Total Fund Balance}}{\text{Open Space \& Parks Fund Targeted Fund Balance}}$	Decrease
	Water Utility Fund Working Capital	$\frac{\text{Water Utility Fund Working Capital}}{\text{Water Utility Fund Budgetary Basis Expenses}}$	Decrease

(continued)

City of Louisville, Colorado
Financial Policies
General Policy 1.1
Appendix A - Financial Indicators
(continued)

Category	Description	Formula	Warning Trend
Operating Position: (continued)	Wastewater Utility Fund Working Capital	$\frac{\text{Wastewater Utility Fund Working Capital}}{\text{Wastewater Utility Fund Budgetary Basis Expenses}}$	Decrease
	Storm Water Utility Fund Working Capital	$\frac{\text{Storm Water Utility Fund Working Capital}}{\text{Storm Water Utility Fund Budgetary Basis Expenses}}$	Decrease
	Combined Utility Fund Debt Burden	$\frac{\text{Total Combined Utility Fund Revenue}}{\text{Total Combined Utility Fund Debt Service}}$	Decrease
	Combined Utility Fund Net Position	$\frac{\text{Combined Utility Fund Current Year Net Position}}{\text{Combined Utility Fund Prior Year Net Position}}$	Decrease
	City-Wide Cash & Investments	$\frac{\text{City-Wide Unrestricted Cash \& Investments}}{\text{City-Wide Current Liabilities}}$	Decrease
	City-Wide Net Position	$\frac{\text{City-Wide Current Year Net Position}}{\text{City-Wide Prior Year Net Position}}$	Decrease
	City Wide Accumulated Depreciation	$\frac{\text{City Wide Accumulated Depreciation}}{\text{City-Wide Depreciable Assets}}$	Increase
	City-Wide Debt Per Capita	$\frac{\text{City-Wide Total Debt}}{\text{Population}}$	Increase

Reserve Policies

Policy Section: 2

Adopted by Resolution No. ~~92, Series 2015~~

Effective Date: ~~December 15, 2015~~

Purpose and Scope

The City of Louisville desires to maintain an appropriate level of financial resources to guard its citizens against service disruption in the event of unexpected revenue shortfalls or unanticipated one-time expenditures. This policy is also intended to document the appropriate reserve levels to protect the City's credit worthiness and maintain its good standing with bond rating agencies.

Reserves are accumulated and maintained to provide stability and flexibility to respond to unexpected adversity and/or opportunities. This policy establishes the reserve amounts the City will strive to maintain in its General Fund and its other major operating funds. This policy also stipulates the conditions under which those reserves may be used and how the reserves will be replenished if they fall below established reserve amounts.

The City will measure its compliance with this policy as of December 31st of each year, as soon as practical after final year-end information is audited and becomes available.

Policies

- 2.1 **General Fund Reserves.** The minimum unrestricted fund balance of the General Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures are defined as all expenditures less any interfund transfers to other funds, regardless of whether the transfers are considered recurring or non-recurring.

While the minimum unrestricted fund balance is set at 15% of current operating expenditures, the targeted unrestricted fund balance will be at or above 20% of current operating expenditures. This higher target is in recognition of:

- the General Fund's reliance on revenue sources that are subject to fluctuations (sales and use taxes);
- the General Fund's exposure to unexpected and significant one-time expenditure outlays (transfers to the Capital Projects Fund, mid-year changes to operations, disasters, etc.); and
- the potential drain on General Fund resources from other funds (recurring support transfers to the Open Space & Parks Fund, ~~and the Cemetery Fund,~~ the Recreation Fund, and the Golf Course Fund).

The use of General Fund reserves will be limited to addressing unanticipated, non-recurring needs. Reserves shall not normally be used for recurring annual operating expenditures. However, reserves may be used to provide the City time to restructure operations (as might be required in an economic downturn), but such use will only take place in the context of a long-term financial plan. Use of reserves below the 20% target requires authorization from City Council.

In the event reserves are used resulting in an unrestricted fund balance below the 15% minimum, a plan will be developed to replenish the reserves as quickly as reasonably possible and presented as part of a long-term financial plan. Methods of replenishing fund balance may include the use of non-recurring revenue, year-end surpluses, and, if legally permissible, excess resources from other funds.

- 2.2 **Open Space & Parks Fund Reserves.** The entire fund balance for the Open Space and Parks Fund is restricted by voters for acquisition, development, and operation of open space, trails, wildlife habitats, wetlands, and parks.

The minimum fund balance of the Open Space and Parks Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures include only open space and parks operations and exclude all interfund transfers and capital outlay.

~~The targeted fund balance of the Open Space and Parks Fund will include the minimum fund balance plus an amount sufficient to cover the City's share (considering other likely joint partners) of the total projected cost of acquiring the three highest priority candidate open space properties. As the highest priority properties are purchased, this amount will be adjusted.~~

~~The Open Space & Parks Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Open Space & Parks Fund is maintained at or above 15% of current operating expenditures.~~

~~The City Council will annually consider interfund transfers of excess General Fund or Capital Project Fund balances to the Open Space & Parks Fund for property acquisition reserves.~~

~~Use of reserves below the targeted amount requires authorization from City Council. In the event reserves are used resulting in an unrestricted fund balance below the 15% minimum, a plan will be developed to replenish the reserves as quickly as reasonably possible and presented as part of a long-term financial plan. Methods of replenishing fund balance may include transfers from other funds, securing loans from other agencies to jointly purchase property, seeking approval of bonds to finance property acquisition, and/or delaying/reducing expenditures for development, construction, operation, and maintenance of open space zones, trails, wildlife habitats, wetlands, and parks.~~

- 2.3 **Cemetery Fund Reserves.** The minimum unrestricted fund balance of the Cemetery Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures are defined as all expenditures, excluding interfund transfers and capital outlay.

The Cemetery Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Cemetery Fund is maintained at or above 15% of current operating expenditures.

- 2.4 **Combined Utility Fund Reserves.** The Water, Wastewater, and Storm Water Utility Funds are enterprise funds and, therefore, the measure of reserves is based on levels of working capital rather than on levels of fund balance. It is important to maintain adequate levels of working capital in these funds to mitigate risks and to ensure a stable fee structure and service level.

The minimum working capital for the Water, Wastewater, and Storm Water Utility Funds shall be maintained at or above 25% of current operating expenses, as measured on the City's budgetary basis. For purpose of this policy, operating expenses are defined as all budgetary-basis expenses, excluding interfund transfers and capital outlay.

- 2.5 **Recreation Fund Reserves.** The minimum unrestricted fund balance of the Recreation Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures are defined as all expenditures, excluding interfund transfers and capital outlay.

The Recreation Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Recreation Fund is maintained at or above 15% of current operating expenditures.

In addition to maintaining an operating reserve, the Recreation Fund will also maintain a capital asset renewal and replacement reserve. The purpose of this reserve is to accumulate funds for the eventual replacement of Recreation Center and Memory Square Pool assets. The calculation of this reserve will be made by the Finance Department and the methodology used will be approved by the Finance Committee on an annual basis.

Funding for the capital asset renewal and replacement reserve will be made by annual transfers from the Capital Projects Fund and/or excess reserves from the General Fund, when available.

- 2.6 **Golf Course Fund Reserves.** The minimum unrestricted fund balance of the Golf Course Fund shall be maintained at or above 15% of current operating expenditures. For purpose of this policy, operating expenditures are defined as all expenditures, excluding interfund transfers and capital outlay.

The Golf Course Fund requires a recurring annual transfer from the General Fund to fund its operational deficit. This transfer will be adjusted on an annual basis to ensure that the unrestricted fund balance of the Golf Course Fund is maintained at or above 15% of current operating expenditures.

In addition to maintaining an operating reserve, the Golf Course Fund will also maintain a capital asset renewal and replacement reserve. The purpose of this reserve is to accumulate funds for the eventual replacement of Golf Course assets. The calculation of this reserve will be made by the Finance Department and methodology used will be approved by the Finance Committee on an annual basis.

Funding for the capital asset renewal and replacement reserve will be made by annual transfers from the Capital Projects Fund and/or excess reserves from the General Fund, when available.



COLORADO • SINCE 1878

FINANCIAL POLICIES

Debt Policies

Policy Section: 3

Adopted by Resolution No. 92, Series 2015

Effective Date: December 15, 2015

Purpose and Scope

To enhance creditworthiness and engage in prudent financial management, the City of Louisville is committed to systematic capital planning and long-term financial planning. Maintaining the City's bond rating is an important objective and, to this end, the City is continually working to improve its financial policies, budgets, forecasts, and financial health.

These policies establish criteria for the issuance of debt obligations by the City so that acceptable levels of indebtedness are maintained. The objectives of these policies are to ensure that the City obtains debt financing only when necessary, that the process for identifying the timing and amount of debt financing be as efficient as possible, that the most favorable interest rates and related issuance costs are obtained, and that future financial flexibility remains relatively unconstrained.

Debt financing includes general obligation bonds, revenue bonds, notes payable to the Colorado Water Resources & Power Development Authority, leases, and any other City obligations permitted to be issued or incurred under Colorado law, the City's Municipal Code, and the City's Charter.

This policy does not apply to the Urban Revitalization District, a legally separate entity, but a component unit of the City for financial reporting purposes.

Policies

- 3.1 Use of Debt Financing.** Although the City will normally finance projects on a cash basis (pay-as-you-go), the City may decide that the most equitable way of financing a project is through debt financing (pay-as-you-use).

Factors which may favor *pay-as-you-go* financing include circumstances where:

- the project can be adequately funded from available current revenue and reserves;
- the project can be completed in an acceptable timeframe given the available resources;
- additional debt levels could adversely affect the City's credit rating or repayment sources; or
- market conditions are unstable or are not conducive to marketing debt.

Factors which may favor *pay-as-you-use* financing include circumstances where:

- current revenue or reserves are insufficient to pay project costs;
- a project is immediately required;
- revenue available for debt issues are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating, which can be maintained;
- market conditions present favorable interest rates and demand for municipal debt financing; or
- the useful life of the project or asset is five years or greater.

The City will not use long-term debt to finance any recurring purpose such as current operations. Debt financing will be used only for capital improvement projects and large equipment purchases. Debt payments shall not extend beyond the estimated useful life of the project or the equipment being financed.

- 3.2 **Limitations and Constraints on Debt Financing.** Per Article 12, Section 12-1, of the City of Louisville Charter, the total amount of the City's indebtedness shall not at any time exceed three (3) percent of the actual value, as determined by the County Assessor, of taxable property within the City, except such debt as may be incurred by supplying water.

Per Article 12, Section 12-3, of the City of Louisville Charter, any lease-purchase agreement, except for the acquisition of water rights, entered into by the City shall be approved by the City Council by non-emergency ordinance.

Per the Taxpayer Bill of Rights (TABOR) amendment to the Colorado Constitution, all multiple-year debt shall first be approved by the City's taxpaying electorate unless it is issued for a TABOR-defined government enterprise, refinances bonded debt at a lower interest rate, or sufficient cash reserves are pledged irrevocably for future payments. The City's TABOR-defined enterprises include the Water Utility Fund, the Wastewater Utility Fund, the Storm Water Utility Fund, and the Golf Course Fund. Operating leases, lease-purchases, and certificates of participation (COP's) that are subject to annual appropriation are not considered multiple-year debt and are not subject to TABOR election requirements.

- 3.3 **Structure of Debt Financing.** City debt will be structured to achieve the lowest possible net interest cost given market conditions, the urgency of the capital project, and the nature and type of any security provided. City debt will be structured in ways that will minimize impacts on future financing flexibility. To the extent possible, repayment of debt shall be structured to rapidly recapture credit capacity for future use.

City debt will be amortized for the shortest period consistent with a fair allocation of cost to current and future beneficiaries of the project being financed, and in keeping with other related provisions of this policy. The City shall normally issue general obligation bonds or revenue bonds with a maximum life of twenty years or less.

The City will normally seek to amortize general obligation bonds and revenue bonds with level payments (principal plus interest) over the life of the issue. Pushing higher debt service costs to future years will only be considered under special circumstances. The City will also avoid repayment schedules that consist of low annual payments and a large payment of the balance due at the end of the term. There shall always be at least one interest payment in the first fiscal year after a bond sale. Principal repayment shall start no later than the second year after the bond issue.

Call provisions for bond issues shall be made as short as possible, consistent with the lowest interest cost to the City. Unless specific compelling reasons exist, all bonds shall be callable only at par.

Credit enhancements may be used if the costs of such enhancements are lower than the reduction in net debt service payments or if they provide other significant financial benefits to the City.

- 3.4 **Bond Counsel.** The City will retain an external bond counsel through a competitive process administered by the Finance Department and the City Attorney's Office. All debt issues of the City will include a written opinion by bond counsel on the validity of the bond offering, the security for the offering, and whether and to what extent interest on the bonds is exempt from income and other taxation.
- 3.5 **Financial Advisor.** The City will retain an external financial advisor through a competitive process administered by the Finance Department. For each debt issuance, the financial advisor will provide the City with information and recommendations on all aspects of the issuance, including market opportunities, method of sale, structure, term, pricing, and fees.
- 3.6 **Method of Sale.** As a matter of general policy, the City shall seek to issue its general and revenue bond obligations with a competitive sale process unless it is determined by the City's Financial Advisor and Finance Director that such a method will not produce the best results for the City. Other methods of sale that may be authorized by the Financial Advisor and Finance Director are a negotiated sales process and a private placement process.

Conditions that may favor a negotiated sale process are:

- The bond issue is, or contains, a refinancing that is dependent on market timing;
- At the time of the issuance, the interest rate environment or economic factors that affect the bond issue are volatile;
- The nature of the debt is unique and requires particular skills from the underwriter; or
- The debt issuance is bound by a compressed timeline due to extenuating circumstances that prevent a competitive process from being accomplished.

Whenever a negotiated sale process is determined to be in the best interests of the City, the City will use a competitive process to select its investment banking team.

In such instances where the City, through competitive bidding, deems the bids as unsatisfactory, or does not receive bids, it may, at the election of the Finance Director, immediately enter into a negotiated sale process or private placement process.

- 3.7 **Refunding of Debt.** Periodic reviews of all outstanding debts will be undertaken by the Finance Director and Financial Advisor to determine refunding opportunities. Refundings will be considered (within legal constraints) if and when there is a net economic benefit of the refunding, or if the refunding is essential in order to amend covenants to enhance operations and management. As a general rule, refundings will only be considered if the present value savings (net of all costs) of a particular refunding will exceed five percent (5%) of the refunded principal.

- 3.8 **Arbitrage Liability Management.** It is the City's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the law. The City will not issue obligations except for identifiable projects with very good prospects of timely initiation. Because of the complexity of the arbitrage rebate regulations and the severity of non-compliance penalties, the City will use the services of Bond Counsel and other arbitrage compliance experts when determining arbitrage liability, reporting, and exemptions.
- 3.9 **Financial Disclosure.** The City is committed to full and complete financial disclosure and to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, accurate, and timely financial information. Continuing disclosure requirements under Rule 15c2-12 issued by the Securities and Exchange Commission (SEC) may apply to certain debt transactions of the City. The City will comply with all such Federal or other State reporting requirements on a timely basis. The City is committed to meeting continuing disclosure requirements of the national information repositories.

Revenue Policies

Policy Section: 4

Adopted by Resolution No. ~~92, Series 2015~~

Effective Date: ~~December 15, 2015~~

Purpose and Scope

The City of Louisville collects revenue from various sources, the largest of which are from sales and use taxes, utility fees, property taxes, and intergovernmental revenue. The structure, equity, fluctuation, and collection of revenue are important for financial stability and are reviewed by bond rating agencies to determine the City's credit quality.

Policies

- 4.1 **Diversification and Stabilization.** The City will strive to maintain a diversified and stable revenue system to reduce the overall effects of fluctuations in any one revenue source.
- 4.2 **Equity.** Revenue will be derived from a fair, equitable, and adequate resource base, while minimizing tax differential burdens. Services having a City-wide benefit shall be financed with revenue sources generated from a broad base, such as sales taxes and property taxes. Services where the customer determines the use shall be fully or partially financed with user fees and charges related to the level of service provided.
- 4.3 **Collections.** The City will monitor all taxes, fees, and charges to make sure they are equitably administered and collections are timely and accurate. The City will pursue collection of delinquent amounts (including related penalties and interest) as authorized by the Louisville Municipal Code.
- 4.4 **Recurring and Non-recurring Revenue.** The City's objective is to fund all recurring expenditures with recurring revenue. Non-recurring, one-time revenue should be used to fund only non-recurring, one-time expenditures. The preferred use of non-recurring revenue is to invest in projects that will result in long-term operational cost savings.
- 4.5 **Intergovernmental Revenue.** The City will pursue intergovernmental aid, including grants, for those programs and activities that address a recognized need and are consistent with the City's goals and objectives, and will attempt to recover all allowable costs associated with those programs. The City will avoid using grants for ongoing service delivery needs. Any decision to pursue intergovernmental aid should only be made after consideration of the present and future funding requirements, costs of administering the funds, costs associated with special conditions or regulations attached to the aid, and ongoing operational costs after the aid period.

- 4.6 **User Fees and Services Charges.** The City will periodically recalculate the full cost of providing services in order to provide a basis for setting the associated user fee or service charge. Full cost shall incorporate direct and indirect costs, including operations (with City labor costs), maintenance, overhead, debt service, equipment, and capital charges. The intent of this policy is to set fees at a level that is related to the actual cost of producing the good or service. The City will also periodically examine and compare rates from other cities providing similar services. It is recognized that competing policy objectives may result in user fee levels that recover only a portion of the costs. For years in which a complete recalculation of full costs is not done, an annual fee inflator may be applied to certain fees.
- 4.7 **Fees for Children's Recreational Services and Senior Programs.** The City may set fees for children's recreational programs and senior services at levels below the full cost of providing those services.
- 4.8 **Fees for Non-Resident City Services.** Non-residents may be required to pay higher fees than residents for City services.



COLORADO • SINCE 1878

FINANCIAL POLICIES

Operating Budget Policies

Policy Section: 5
Adopted by Resolution No. ~~92, Series 2015~~
Effective Date: ~~December 15, 2015~~

Purpose and Scope

The formulation of the annual operating budget, including the publication of the budget document, is one of the most important financial activities that the City of Louisville undertakes each year. The budget process provides a comprehensive plan to deliver efficient services to residents and stakeholders of the City in a manner that aligns resources with the policies, goals, mission, and vision of the City. This policy is intended to provide guidelines to assist in the formulation of financial discussion and the broader implications of financial decisions. This policy shall apply to all funds with an adopted budget.

Policies

- 5.1 **Budgetary Basis of Accounting.** The “basis of accounting” is a term used to describe the timing of revenue and expenditure recognition. In other words, when the effects of transactions or events should be recognized. In governmental accounting, the basis of accounting used for financial reporting purposes, as required by generally accepted accounting principles (GAAP), is not required for use in preparing a budget document. Under GAAP, governmental funds are required to utilize a modified accrual basis of accounting and proprietary funds (enterprise and internal service) are required to utilize a full accrual basis of accounting for financial reporting purposes. The City of Louisville’s *budgetary* basis of accounting is a modified accrual basis for *all* fund types, including proprietary funds. Some of the differences between the City’s budgetary basis of accounting and the GAAP basis of accounting for proprietary fund types are:
- *Issuance of debt* – budgeted as a revenue item, adjusted at year-end to a liability for financial reporting purposes.
 - *Principal payment on debt* – budgeted as an expense item, adjusted at year-end to a reduction in the liability for financial reporting purposes.
 - *Capital acquisition* – budgeted as an expense item, adjusted at year-end to an asset acquisition for financial reporting purposes.
 - *Depreciation* – not recognized for budgeting purposes, recorded at year-end as an expense for financial reporting purposes.

- 5.2 **Level of Budgetary Control.** The level of budgetary control is the level at which spending cannot exceed the budgeted amount without City Council authorization. The level of control is also the level of detail the City Council approves in the appropriation resolution. The City's current level of budgetary control is at the fund level. However, department management is responsible for administering their respective programs within the financial constraints described by the budget as adopted.

Article 11, Section 11-6 of the City of Louisville Charter states, *"During the fiscal year, no officer or employee shall expend or contract to expend any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money in excess of the amounts appropriated by the City Council. Any contract, verbal or written, made in violation of this subsection shall be void, and no moneys of the City shall be paid on such contract; except that the City Council may ratify such a contract if it determines that ratification would be in the best interest of the City, and if it adopts a resolution making the necessary appropriation."*

- 5.3 **Balanced Budget.** The City's definition of a balance budget requires each fund's revenue plus appropriated fund balance/working capital to be equal to, or greater than, each fund's total appropriations. However, it is the City's intent to go further and develop *structurally* balanced budgets for the General Fund and the other major operating funds (excluding capital project funds). In a structurally balanced budget, annual recurring revenue will be projected to equal or exceed annual recurring expenditures for each fund. If a structural imbalance (recurring expenditures exceeding recurring revenue) should occur in the General Fund or in any of the major operating funds, a plan will be developed and implemented to bring the budget back into structural balance.

- 5.4 **Budget Form.** Article 11, Section 11-2 of the City of Louisville Charter states, *"The proposed budget shall provide a complete financial plan for the City in a format acceptable to the City Council. Except as otherwise provided by this Charter, the proposed budget shall be prepared in accordance with State statutes establishing the local government budget law and the local government uniform accounting law."*

- 5.5 **Capital Improvement Plan (C-I-P).** A ~~Five~~Six-Year Capital Improvement Plan will be presented to the City Council for consideration during the biennial budget development process. The annual capital budget will be based on the first year of the approved C-I-P.

- 5.6 **Long-Term Financial Plan (LTFP).** ~~Five~~Six-year financial forecasts for each of the City's major operating funds will be presented to the City Council for consideration during budget development. The LTFP will coordinate the C-I-P with the operating budget and will provide insight into potential future financial imbalances so that action can be taken before a crisis occurs.

- 5.7 **Budget Amendment.** The City Council may amend or supplement the budget by resolution at any time after its initial adoption. A public hearing is required.

- 5.8 **Budget Control System.** The City will develop and maintain a budgetary control system to help it adhere to the budget. All departments are part of the budget control system and will have access to individual department reports that compare budget-to-actual financial performance. The Finance Department will report City-wide budget-to-actual performance on a ~~monthly~~-quarterly basis for both revenue and expenditures to the City Finance Committee.



COLORADO • SINCE 1878

FINANCIAL POLICIES

Investment Policies

Policy Section: 6

Adopted by Resolution No. 92, Series 2015

Effective Date: December 15, 2015

Purpose and Scope

It is the policy of the City of Louisville to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all Colorado Revised Statutes, the City of Louisville Charter, and the City of Louisville Municipal Code.

The provisions of this investment policy shall apply to all funds held in the custody of the City and all of its offices. Except for cash in certain restricted and special funds, the City shall consolidate, or “pool”, cash and investment balances from all funds to maximize investment earnings and to increase efficiencies with regards to investment pricing, safekeeping, and administration. The investment income derived from the pooled cash and investment accounts shall be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Policies

6.1 Objectives. In order of priority, the primary objectives of investment activities shall be safety, liquidity, and yield:

- *Safety.* Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio through the mitigation of credit risk and interest rate risk.
- *Liquidity.* The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. In addition, a portion of the portfolio may be placed in local government investment pools (LGIPs) which offer same-day, constant dollar liquidity for short-term funds.
- *Yield.* The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary

importance compared to the safety and liquidity objectives described above. Securities generally shall be held to maturity with the following exceptions:

- A security with a declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration of the portfolio.
- Liquidity needs of the portfolio require the security to be sold.

- 6.2 **Delegation of Authority.** The Finance Director shall be the designated investment officer of the City and shall be responsible for all investment decisions and activities, under the direction of the City Manager. The Finance Director shall establish investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director.

The Finance Director may delegate the authority to conduct investment transactions and manage the operation of the investment portfolio to one or more subordinates and/or an external registered investment advisor who shall act in accordance with established procedures on internal controls and in compliance with this investment policy.

- 6.4 **Legal Investments.** All investments shall be made in accordance with Colorado Revised Statutes (CRS) as follows: CRS 11-10.5-101, et seq., Public Deposit Protection Act; CRS 24-75-601, et seq., Funds - Legal Investments for Government Units; CRS 24-75-603, et seq., Depositories; CRS 24-75-701 and 702, et seq., Local Governments - Local Government Pooling and that the investment or deposit meets the standard established in section CRS 15-1-304. Any revisions or extensions of these sections of the CRS will be assumed to be part of this Investment Policy immediately upon enactment.

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the settlement date or in accordance with state and local statutes and ordinance. Pursuant to CRS Section 24-75-601.1(1), as amended from time to time, and subject to the limitations set forth therein, the securities listed herein shall be eligible for investment of public funds by the City. In the event of a conflict between CRS 24-75-601.1(1) and this policy, other than this policy being more restrictive than CRS 24-75-601(1), CRS 24-75-601.1(1) shall control. Nothing herein shall preclude the City from adopting a policy to permit securities other than those listed in CRS 24-75-601.1(1) for investment of public funds.

CRS 24-75-601(1) and this policy authorize the following investments:

- Any security issued by, fully guaranteed by, or for which the full credit of the United States Treasury is pledged for payment; allowing for inflation indexed securities. The period from the date of settlement of this type of security to the maturity date shall be no more than five years, unless the City Council authorizes investment for a period in excess of five years.
- Any security issued by, fully guaranteed by, or for which the full credit of the following is pledged for payment: The Federal Farm Credit Bank, A Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, The Federal National Mortgage Association, the Government National Mortgage Association, or an entity or organization that is not

listed in this paragraph but that is created by, or the creation of which is authorized by, legislation enacted by the United States Congress and that is subject to control by the federal government that is at least as extensive as that which governs an entity or organization listed in this paragraph. The period from the date of settlement of this type of security to its maturity date shall be no more than three years. Any entity or organization listed in this paragraph may represent up to but not more than 35% of the investment portfolio. The total of the above mentioned entities or organizations and inclusive of corporate or bank securities cannot represent more than 95% of the investment portfolio.

- Any security that is a general or revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities. The period from the date of settlement of this type of security to the maturity date shall be no more than three years.
- Any interest in a local government investment pool pursuant to CRS 24-75-701, et seq.
- Any guaranteed investment contract (GIC) if at the time the contract or agreement is entered into, the long-term credit rating, financial obligations rating, claims paying ability rating, or financial strength rating of the party, or of the guarantor of the party, with whom the public entity enters the contract or agreement is, at the time of issuance, rated in one of the two highest rating categories by two or more nationally recognized securities rating agencies that regularly issue such ratings. Contracts or agreements purchased under this paragraph shall not have a maturity period greater than three years.
- Any dollar-denominated corporate or bank security issued by a corporation or bank that has a maturity of less than three years from the date of settlement and, at the time of purchase, must carry at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency. The aggregate value of all securities referred to in this paragraph shall equal no more than 25% of the total portfolio.
- Money market instruments, such as commercial paper or bankers' acceptance, must carry at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "A1, P1, or F1" by any credit rating agency.
- Any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended, at the time the investing public entity invests in such fund. The money market fund must: 1) have no commission fee on the charged on purchases or sales of shares; 2) have a constant daily net asset value per share of \$1.00; 3) limit assets of the fund to U.S. Treasury Securities; 4) have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 270-2A-7; and 5) have a rating at the time of purchase of at least AAAM by Standard & Poor's or Aaa/MRI+ Moody's
- The purchase of any repurchase agreement of marketable securities referred to in the preceding paragraphs. A Master Repurchase Agreement must be executed with the bank or dealer. The securities must be delivered to the City's custodian or to a third-party custodian or third-party trustee for safekeeping on behalf of the City. The title to or

a perfected security interest in such securities along with any necessary transfer documents must be transferred to the City or the City's custodian. The collateral securities of the repurchase agreement must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly. Collateralization is required per the Public Deposit Protection Act, CRS 11-10.5-101 et seq. The securities subject to the repurchase agreement may have a maturity in excess of five years. The repurchase agreement itself may not have a maturity of more than five years from the date of settlement unless the City Council authorizes investment for a period in excess of five years.

- Certificates of deposit in state or national banks or in state or federally chartered savings banks, which are state-approved depositories per CRS Section 24-75-603, et seq. (as evidenced by a certificate issued by the State Banking Board) and are insured by the FDIC. Certificates of deposit, which exceed the FDIC insured amount, shall be collateralized in accordance with the Colorado Public Deposit Protection Act. Certificates of deposit must comply with CRS Section 30-10-708 (1). The aggregate value of all certificates of deposit shall equal no more than 25% of the total portfolio.

- 6.4 **Standards of Care and Performance.** The “reasonable prudence” standard shall be used by investment officials in the context of managing an overall portfolio. The “reasonable prudence” standard provides that investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of the capital.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

In addition, officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the City Manager any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

- 6.5 **Authorized Financial Institutions, Depositories, and Broker-Dealers.** Unless utilizing the services of an external registered investment advisor, the Finance Department shall maintain a list of financial institutions and depositories authorized to provide investment services to the City. In addition, the Finance Department shall maintain a list of approved security broker/dealers that may include “primary” dealers or regional dealers qualifying under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). To qualify for consideration for investment transactions with the City, all financial institutions and broker-dealers must supply the following, as appropriate:

- Proof of state registration (except for those firms providing safekeeping and custodial services only).
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Proof of Financial Industry Regulatory Authority (FINRA) certification.
- Evidence of adequate insurance coverage.
- Certification of having read and understood and agreeing to comply with the City's investment policy.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance Director.

6.6 Safekeeping and Custody. All trades of marketable securities will be executed “delivery versus payment” (where applicable) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

Securities will be held by an independent third-party custodian selected by the City and evidenced by safekeeping receipts in the City's name. The safekeeping institution shall provide on an annual basis a copy of its most recent report on internal controls (Statement of Standards 70).

Moreover, management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal controls structure should address the following points:

- Control of collusion.
- Separation of transaction authority from accounting and recordkeeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Written confirmation of transactions for investments and wire transfers.
- Dual authorization of wire transfers.

Compliance with these controls shall be reviewed and confirmed through the City's annual independent audit.

6.7 Performance Standards & Reporting

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City's investment strategy is passive. Given this strategy, the basis used by the Finance Director to determine whether market yields are being achieved shall be the ColoTrust local government investment pool, the one-year US Treasury Bill, and the two-year Agency Benchmark.

The Finance Director shall provide the Finance Committee monthly investment reports that provide the status and characteristics of the current investment portfolio. The investment report should include schedules on:

- Portfolio diversification.
- Maturity distribution.
- A listing of all securities held by authorized investment category.
- Par value, amortized book value, and market value for all securities held.
- Monthly activity – purchases, sales, calls, and interest received.



COLORADO • SINCE 1878

FINANCIAL POLICIES

Capital Asset Investment & Management Policies

Policy Section: 7

Adopted by Resolution No. ~~92, Series 2015~~

Effective Date: ~~December 15, 2015~~

Purpose and Scope

Capital assets have a major impact on the ability of the City of Louisville to deliver services, the economic vitality of the City, and the overall quality of life for the City's citizens. The purpose of this policy is to provide general guidelines for a comprehensive process of allocating limited resources to capital investments. This policy applies to all funds included in the City's ~~Five~~Six-Year Capital Improvement Plan.

Policies

- 7.1 **General Process for ~~Five~~Six-Year Capital Improvement Plan (C-I-P).** The Finance Department is responsible for coordinating the C-I-P process within the annual budget calendar and for compiling the requested, recommended, and adopted C-I-P document.

Each year, City departments will submit a list of prioritized projects for inclusion into the C-I-P. The City Manager will review the requests and make the final recommendations to City Council. City Council will review the recommended C-I-P and direct any changes for the final C-I-P. The first ~~two~~two years of the C-I-P will be included in the ~~Annual~~Annual-~~Biennial~~Biennial Operating & Capital Budget presented to the City Council for formal adoption in November.

The City shall provide meaningful opportunities for all stakeholders to provide input into the C-I-P development process.

- 7.2 **C-I-P Project Selection.** An objective set of criteria will be used to assess and evaluate project proposals. Although specific criteria may be updated from time to time, the following concepts are core principles to be considered in the development of such criteria:
- Long-Term Forecasts – Long-term forecasts will be prepared to better understand resources available for capital spending and to assess operational impacts and eventual maintenance and replacement costs.
 - Impact of Other Projects – Projects shall not be considered in isolation. One project's impact on others should be recognized and costs shared between projects where appropriate.

- Full Costing – Cost analysis of a proposed project should encompass the entire cost of the project, including annual maintenance and other impacts to the operating budget.
- Predictable Project Timing & Scope – Schedule and scope estimates should be practical and achievable within the requested resources, including financial and human.

7.3 **Balanced C-I-P.** The adopted C-I-P will be balanced. This means that for the ~~five~~-six-year period, revenue plus the use of fund reserves will equal or exceed total project expenditures.

7.4 **Asset Maintenance & Replacement.** It is the City's intent to maintain its existing assets and a level that protects the initial capital investment and minimizes future maintenance and replacement costs. Based on an asset inventory and risk assessment, staff shall include recommendations for asset maintenance in the C-I-P. It is the City's intent to ensure that adequate resources are allocated to preserve the City's existing infrastructure to the best of its ability before allocating resources to other capital projects.



COLORADO • SINCE 1878

FINANCIAL POLICIES

Accounting, Auditing, & Financial Reporting Policies

Policy Section: 8

Adopted by Resolution No. ~~92, Series 2015~~

Effective Date: ~~December 15, 2015~~

Purpose and Scope

The City of Louisville desires to maintain a system of financial management that safeguards City assets, promotes financial transparency, and provides timely, accurate, and relevant financial information to citizens, elected officials, and management. This policy pertains to all funds and operations of the City and, to the extent reasonably possible, all component units of the City.

Policies

- 8.1 **Accounting.** The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles applicable to state and local governments. The City's accounting and reporting policies will conform to the generally accepted accounting principles (GAAP).
- 8.2 **Auditing.** Article 11, Section 11-7 of the City of Louisville Charter states, *"The Council shall provide for a financial audit, which shall be performed at least annually by a certified public accountant selected by the Council. The Audit shall be performed in accordance with the State statutes establishing the local government audit law. Copies of the audit shall be made available for public inspection."*

In compliance with the Charter, an annual audit will be performed by an independent certified public accounting firm in accordance with Generally Accepted Governmental Auditing Standards and the auditor's opinion will be included in the City's Comprehensive Annual Financial Report (CAFR).

The City's Finance Department shall be responsible for managing the audit procurement process. The City Council will appoint the independent auditor and approve each year's audit engagement letter. The audit engagement term shall typically be for five to ten years, subject to annual review, approval, and appropriation.

- 8.3 **Audit Committee.** The City's Finance Committee will act as the City's Audit Committee. The Audit Committee will provide an independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. The City's independent auditors will meet with the Audit Committee at least annually and have direct access to the Audit Committee if City staff is unresponsive to auditor recommendations or if

the auditors consider such communication necessary to fulfill their legal and professional responsibilities.

- 8.4 **Financial Reporting.** The City's Comprehensive Annual Financial Report (CAFR) will be published annually to present the results, financial position, and results of operations of the City for the prior year. As an additional independent confirmation of the quality of the City's financial information, the City will annually submit its CAFR to the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

The Finance Department will provide ~~monthly~~quarterly interim financial reports to the Finance Committee after the close of each ~~month~~quarter. The reports will be designed to keep the Committee continuously informed of the City's overall financial status.

- 8.5 **Internal Controls.** The goals and objectives of the City's internal control policies are to safeguard City assets and to foster reliance on public information for decision-making purposes at all levels both internally and externally. Management shall establish the presence of integrity, ethics, competence, and a positive control environment. Directors are responsible for establishing, executing, and maintaining control policies and procedures at the detail level within their specific departments.

The City's internal control structure will be based on the Committee of Sponsoring Organizations of the Treadway Commission on Fraudulent Financial Reporting (COSO) framework and comprised of the following elements:

- **Control Environment** – Factors include integrity and ethical values, commitment to competence, leadership philosophy and operating style, assignment of authority and responsibility, and policy and procedures;
- **Risk Assessment** – Routine assessment of risk and its impact on internal controls;
- **Control Activities** – Such as segregation of duties, authorization of transactions, retention of records, supervision and monitoring of operations, and physical safeguards;
- **Information and Communication** – Policies and procedures are documented and accessible; and
- **Monitoring** – Assessment of the quality of performance over time to determine whether controls are effective and track resolution achievements of identified problems.

- 8.6 **Capitalization of Assets.** The terms capital assets, capital outlay, and fixed assets are used to describe assets that are used in operations that have initial lives extending beyond a single reporting period, such as water rights, infrastructure, land, buildings, improvements other than buildings, and equipment. It is incumbent upon departments to maintain adequate control over all resources, including capital assets, to minimize the risk of loss or misuse.

Not all capital assets are required to be reported on the City's balance sheet. Specifically, capital assets with extremely short useful lives or of small monetary value are properly reported as an "expenditure" or "expense" of the period in which they are acquired. Capital

assets that are reported on the City's balance sheet are said to be "capitalized" and must meet the capitalization criteria outlined in this policy.

The City's capitalization criteria are, as follows:

- Assets should be capitalized only if they have an estimated useful life of at least two years following the date of acquisition.
- The capitalization thresholds shall normally be applied to individual items rather than to groups of similar items (e.g., chairs), unless the effect of doing so would be to eliminate a significant portion of total capital assets (e.g., library books).
- The capitalization threshold for each individual item is ~~\$5,000~~10,000.
- Directors are responsible for establishing control and inventory procedures at the department level for non-capitalized assets such as office equipment, communications equipment, fleet management inventory, firearms, etc.

8.7 Accounts Receivable Write-Off. Accounts receivable is an asset account reflecting amounts owed to the City. Staff will make every effort to collect all receivables. Only receivables deemed uncollectible can be written off. In order to be deemed uncollectible, a receivable must meet the following criteria:

- All standardized collections procedures have been exhausted;
- Further measures to collect the debt have been determined as inappropriate; and
- The characteristics of the debt are such that write-off is appropriate (e.g., the debt is small relative to the cost of further collection efforts).

The City Manager or Finance Director is authorized to approve a write-off of up to \$100 per individual account. Staff's request to write-off accounts greater than \$100 must be approved by the Finance Committee. The amounts and reasons for all write-offs will be documented and made available for audit.

Financial Policies

- Financial Policies include an Introduction Section and the following policy sections:
 1. General Policies
 2. Reserve Policies
 3. Debt Policies
 4. Revenue Policies
 5. Operating Budget Policies
 6. Investment Policies
 7. Capital Asset Management Policies
 8. Accounting, Auditing, and Financial Reporting Policies

Financial Policies – Summary

Introduction

- States the overall purpose of financial policies.
- Discusses the difference between policies and statements of procedures.
- Contains a list of definitions related to all policy sections.

General Policies

- Requires a set of financial indicators to be calculated and disclosed in the City's budget documents.

Reserve Policies

- Defines minimum levels of fund balance for the General Fund, Open Space & Parks Fund, Cemetery Fund, Combined Utility Fund, Recreation Fund, and Golf Course Fund.

Financial Policies – Summary

Reserve Policies (continued)

- Establishes recurring annual support transfers from the General Fund to the Open Space & Parks Fund, Cemetery fund, Recreation Fund, and the Golf Course Fund
- Defines capital asset renewal and replacement reserve levels for the Recreation Fund and Golf Course Fund.
- Authorizes transfers from the Capital Projects Fund and/or General Fund for the renewal and replacement reserves.

Debt Policies

- Discusses “pay-as-you-go” vs “pay-as-you-use”.
- Recommends general debt financing structures and methods of sale.

Financial Policies – Summary

Revenue Policies

- States that the City will value diversification, stabilization, and equity within its revenue structure.
- Formalizes the desire to fund all recurring expenditures with recurring revenue and that non-recurring revenue should be used to fund only non-recurring, one-time expenditures.
- Sets guidelines for use of intergovernmental revenue.
- Sets broad guidelines for setting user fees and charges.
- Allows setting fees for children’s recreational programs and senior services at levels below the full cost of providing those services.
- Allows setting fees for non-residents at a higher level than those for residents.

Financial Policies – Summary

Operating Budget Policies

- Defines “budgetary basis”.
- Formalizes level of budgetary control at the fund level.
- Defines “balanced budget” and states intent to have a structurally balanced budget.
- Requires a Capital Improvement Plan (CIP) and Long-Term Financial Plan (LTFP).

Investment Policies

- Sets safety, liquidity, and yield objectives.
- Defines legal investments.
- Defines standards of care and performance.

Financial Policies – Summary

Capital Asset Management Policies

- Broadly defines CIP.
- Defines and requires a “balanced” CIP.
- States intent to preserve existing infrastructure before allocating resources to new capital projects.

Accounting, Auditing, & Financial Reporting Policies

- Finance Committee = Audit Committee.
- Discusses internal control framework and sets capitalization thresholds.
- Grants authorization to the Finance Committee, City Manager, and Finance Director regarding “write-offs” of bad debt.

Financial Policies

Changes from December 15, 2015

2.2 Open Space & Parks Fund Reserves

- Removes “targeted” fund balance.
- Establishes recurring annual support transfers from the General Fund.
- States City Council will annually consider interfund transfers of excess General Fund or Capital Project Fund balances for property acquisition reserves.

2.5 Recreation Fund Reserves

- Sets minimum fund balance = 15% of operating expenditures.
- Establishes recurring annual support transfers from the General Fund.
- Requires capital asset renewal and replacement reserve, separate from operating reserve.

Financial Policies

Changes from December 15, 2015

2.6 Golf Course Fund Reserves

- Sets minimum fund balance = 15% of operating expenditures.
- Establishes recurring annual support transfers from the General Fund.
- Requires capital asset renewal and replacement reserve, separate from operating reserve.

SUBJECT: RECREATION AND SENIOR CENTER 2019 FEES

DATE: OCTOBER 4, 2018

**PRESENTED BY: TRACY WINFREE, INTERIM PARKS & RECREATION DIRECTOR
KATHY MARTIN, RECREATION SUPERINTENDENT**

SUMMARY:

The purpose of this agenda item is to update the City Council on the recommended Recreation Center fees using foundational consultant evaluation refined by updated staff analysis and vetting by the Recreation Advisory Board (RAB), including its Finance Subcommittee. The resulting revenues, in addition to new revenue from rentals, are included as assumptions in the Recreation Fund presented in the 2019/2020 budget process (Attachment 3).

Background

Recreation and Senior Services staff, vetted and supported through the RAB, recommend the attached fee changes for the new Recreation I Senior Center beginning on January 1, 2019. Staff and RAB took into consideration the following factors:

- Resident admission fees have not been raised since 2010 (recent fee history is attached);
- Non-Resident fees were raised in 2017;
- Greenplay feasibility study recommends a fee increase;
- Remodeled and expanded facility offers new opportunities; and
- Proposed fees are reflective of the market (benchmark fee comparisons attached).

Increased attendance is based on a 16% increase forecasted by the Greenplay report. While staff will strive for greater increases in attendance, the 16% allows for a conservative budgeting approach. Additionally, staff and council can review fees and make adjustments at mid-year or even more frequently if requested or needed.

The RAB's deliberation has included the importance of balancing fee increases with the increased value of services and facilities provided with the understanding that a tax increase helped support the expansion. A fee increase had been envisioned as a part of the package when it was created. RAB also has emphasized the importance of increasing fees on a more regular basis rather than waiting for such a long period of time, nine years in this case. The RAB subcommittee recently met and reaffirmed its support for the current admission fees increase proposal.

Below is some history on fees to help explain the proposed adjustments (in bold):

SUBJECT: RECREATION AND SENIOR CENTER 2019 FEES PROPOSAL

DATE: OCTOBER 4, 2018

PAGE 2 OF 4

Daily Admission

- In 2006, after a two year decline in daily admission and 20 visit passes purchased by residents and nonresidents, a new fee structure was implemented and the nonresident daily admission was reduced.
- In 2010 the Daily Admission fee was increased \$1.00 for all age groups.
- In 2016 nonresident fees were increased to reflect \$2.00 higher than the resident rate.
- In 2017 nonresident fees were increased an additional \$1.00 and are now \$3.00 higher than residents.

Propose to increase all Daily Admission fees by \$1.00

Punch Passes

- The 10 and 20 Visit Passes are a commitment to a block of visits, thus the discounted rate, and the fees are based off of Daily Admission fees. Current rates reflect a \$1.50 discount per visit off daily admission for residents and nonresidents.
- Resident punch pass fees were last increased in 2010. Nonresident punch passes were increased in 2016 and 2017 as the daily admission fees increased. Punch pass pricing is influenced by the price of daily admission. The objective is to reward loyalty by providing member discounts for frequent users.

Propose to keep the discount of \$1.50 per visit off Daily Admission by purchasing a punchcard. Rates would increase if the proposed Daily Admission fee was implemented.

Monthly and Annual Passes

- Monthly passes were last increased for residents in 2010. Nonresident monthly passes increased in 2010, 2016 and 2017.
- Currently fees structure show a 43% fee increase for an adult nonresident compared to a resident. Any increase to the monthly passes would move concurrently with the cost per visit of the other 2 pass types. This is often a marketing tool for guests to commit to a monthly auto debit and generate consistent revenue.

Propose a \$5.00 increase on all monthly passes, which would equate to a \$60 increase to a 12 monthly pass.

SUBJECT: RECREATION AND SENIOR CENTER 2019 FEES PROPOSAL**DATE: OCTOBER 4, 2018****PAGE 3 OF 4**

FISCAL IMPACT: A table with the proposed fee schedule as compared to prior years can be found in Attachment 1. Revenue projections can be found in Attachment 3.

Proposed 2019 Recreation Fees

Daily Admission		Proposed	Annual Membership		Proposed
			Youth	Res	\$ 288.00
Youth	Res	\$ 5.00		NR	\$ 408.00
	NR	\$ 8.00			
			Adult	Res	\$ 480.00
Adult	Res	\$ 7.00		NR	\$ 660.00
	NR	\$ 10.00			
			Senior	Res	\$ 288.00
Senior	Res	\$ 5.00		NR	\$ 408.00
	NR	\$ 8.00			
			Couple	Res	\$ 720.00
20 Visit Cards		Proposed		NR	\$ 900.00
Youth	Res	\$ 70.00			
	NR	\$ 130.00	Family	Res	\$ 768.00
				NR	\$ 948.00
Adult	Res	\$ 110.00			
	NR	\$ 170.00	Monthly Membership	Proposed	
			Youth	Res	\$ 24.00
Senior	Res	\$ 70.00		NR	\$ 34.00
	NR	\$ 130.00			
			Adult	Res	\$ 40.00
10 Visit Cards		Proposed		NR	\$ 55.00
Youth	Res	\$ 35.00			
	NR	\$ 65.00	Senior	Res	\$ 24.00
				NR	\$ 34.00
Adult	Res	\$ 55.00			
	NR	\$ 85.00	Couple	Res	\$ 60.00
				NR	\$ 75.00
Senior	Res	\$ 35.00			
	NR	\$ 65.00	Family	Res	\$ 64.00
				NR	\$ 79.00

PROGRAM/SUB-PROGRAM IMPACT:

Impacts to the Recreation Program and its Subprograms of Recreation Center Management, Aquatics and Adult Activities include “reasonably priced recreation and leisure activities” by keeping fees in line with comparable markets; capturing the added value of service/facility enhancement; transferring revenues to the appropriate increased services/subprograms; following guidance from consultant reports, board and City Council; and being consistent with the budget process and the potential creation of a sustainable Recreation Fund. The transfers allow the city to track revenues/expenditures more accurately to the subprograms which support encouraging and/or promoting physical, mental and social well-being in the community.

RECOMMENDATION:

Staff and Recreation Advisory Board support this fee adjustment and support a more frequent adjustment of fees in the future as opposed to many years in between fee adjustments.

ATTACHMENT(S):

1. Fees History with Proposed Fees (4 Years)
2. Fees Benchmark
3. Line Item Revenue Projections
4. Presentation

Recreation Center Fees History

Daily Admission		2015	2016	2017	2018	Proposed
Youth	Res	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00
	NR	\$ 4.00	\$ 6.00	\$ 7.00	\$ 7.00	\$ 8.00
Adult	Res	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 7.00
	NR	\$ 6.00	\$ 8.00	\$ 9.00	\$ 9.00	\$ 10.00
Senior	Res	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00
	NR	\$ 4.00	\$ 6.00	\$ 7.00	\$ 7.00	\$ 8.00

20 Visit Cards		2015	2016	2017	2018	Proposed
Youth	Res	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 70.00
	NR	\$ 50.00	\$ 100.00	\$ 110.00	\$ 110.00	\$ 130.00
Adult	Res	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 110.00
	NR	\$ 90.00	\$ 140.00	\$ 150.00	\$ 150.00	\$ 170.00
Senior	Res	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 70.00
	NR	\$ 50.00	\$ 100.00	\$ 110.00	\$ 110.00	\$ 130.00

10 Visit Cards		2015	2016	2017	2018	Proposed
Youth	Res	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 35.00
	NR	\$ 25.00	\$ 50.00	\$ 55.00	\$ 55.00	\$ 65.00
Adult	Res	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 55.00
	NR	\$ 45.00	\$ 70.00	\$ 75.00	\$ 75.00	\$ 85.00
Senior	Res	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 35.00
	NR	\$ 25.00	\$ 50.00	\$ 55.00	\$ 55.00	\$ 65.00

Annual Membership		2015	2016	2017	2018	Proposed
Youth	Res	\$ 228.00	\$ 228.00	\$ 228.00	\$ 228.00	\$ 288.00
	NR	\$ 288.00	\$ 288.00	\$ 348.00	\$ 348.00	\$ 408.00
Adult	Res	\$ 420.00	\$ 420.00	\$ 420.00	\$ 420.00	\$ 480.00
	NR	\$ 480.00	\$ 540.00	\$ 600.00	\$ 600.00	\$ 660.00
Senior	Res	\$ 228.00	\$ 228.00	\$ 228.00	\$ 228.00	\$ 288.00
	NR	\$ 288.00	\$ 288.00	\$ 348.00	\$ 348.00	\$ 408.00
Couple	Res	\$ 660.00	\$ 660.00	\$ 660.00	\$ 660.00	\$ 720.00
	NR	\$ 720.00	\$ 720.00	\$ 840.00	\$ 840.00	\$ 900.00
Family	Res	\$ 708.00	\$ 708.00	\$ 708.00	\$ 708.00	\$ 768.00
	NR	\$ 768.00	\$ 768.00	\$ 888.00	\$ 888.00	\$ 948.00

Monthly Membership		2015	2016	2017	2018	Proposed
Youth	Res	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 24.00
	NR	\$ 24.00	\$ 24.00	\$ 29.00	\$ 29.00	\$ 34.00
Adult	Res	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 40.00
	NR	\$ 40.00	\$ 45.00	\$ 50.00	\$ 50.00	\$ 55.00
Senior	Res	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 24.00
	NR	\$ 24.00	\$ 24.00	\$ 29.00	\$ 29.00	\$ 34.00
Couple	Res	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 60.00
	NR	\$ 60.00	\$ 60.00	\$ 70.00	\$ 70.00	\$ 75.00
Family	Res	\$ 59.00	\$ 59.00	\$ 59.00	\$ 59.00	\$ 64.00
	NR	\$ 64.00	\$ 64.00	\$ 74.00	\$ 74.00	\$ 79.00

	Daily Admission Price									20 Visit Punch Card																	
	Child 3-12		Youth 13-18		Adult 19-59		Senior 60+		Age Details	Child 3-12				Youth 13-17				Adult 18-59				Senior 60+				Punch Card Details	
	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res		Res	\$/visit	N/Res	\$/visit	Res	\$/visit	N/Res	\$/visit	Res	\$/visit	N/Res	\$/visit	Res	\$/visit	N/Res	\$/visit		
Recreation Center/City	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res		Res	\$/visit	N/Res	\$/visit	Res	\$/visit	N/Res	\$/visit	Res	\$/visit	N/Res	\$/visit	Res	\$/visit	N/Res	\$/visit		
YMCA																											
Bob L Burger Recreation Center	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.75	\$ 5.75	\$ 4.00	\$ 4.00	2-17, 55 +	\$ 64.00	\$ 3.20	\$ 64.00	\$ 3.20	\$ 64.00	\$ 3.20	\$ 64.00	\$ 3.20	\$ 92.00	\$ 4.60	\$ 92.00	\$ 4.60	\$ 64.00	\$ 3.20	\$ 64.00	\$ 3.20		
East Boulder Recreation Center	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 8.25	\$ 8.25	\$ 5.75	\$ 5.75	3-18, 60+	\$ 85.00	\$ 4.25	\$ 93.00	\$ 4.65	\$ 85.00	\$ 4.25	\$ 93.00	\$ 4.65	\$ 140.00	\$ 7.00	\$ 153.00	\$ 7.65	\$ 98.00	\$ 4.90	\$ 106.00	\$ 5.30	punches expire after 2yrs	
Erie Community Center	\$ 2.25	\$ 2.75	\$ 2.25	\$ 2.75	\$ 4.50	\$ 5.50	\$ 2.70	\$ 3.40	4-17, 60+	\$ 20.00	\$ 2.00	\$ 24.00	\$ 2.40	\$ 20.00	\$ 2.00	\$ 24.00	\$ 2.40	\$ 39.00	\$ 3.90	\$ 49.00	\$ 4.90	\$ 24.00	\$ 2.40	\$ 30.00	\$ 3.00	10 punch ONLY, exp 6 months	
Louisville Recreation Center	\$ 4.00	\$7.00	\$ 4.00	\$7.00	\$ 6.00	\$9.00	\$ 4.00	\$7.00	3-18, 60+	\$ 50.00	\$ 2.50	\$ 110.00	\$ 5.50	\$ 50.00	\$ 2.50	\$ 110.00	\$ 5.50	\$ 90.00	\$ 4.50	\$ 150.00	\$ 7.50	\$ 50.00	\$ 2.50	\$ 110.00	\$ 5.50		
Paul Derda Recreation Center	\$ 3.50	\$ 6.25	\$ 3.50	\$ 6.25	\$ 5.00	\$ 7.75	\$ 4.00	\$ 6.25	4-17, 60+	\$ 60.00	\$ 3.00	\$ 106.00	\$ 5.30	\$ 60.00	\$ 3.00	\$ 106.00	\$ 5.30	\$ 85.00	\$ 4.25	\$ 132.00	\$ 6.60	\$ 68.00	\$ 3.40	\$ 106.00	\$ 5.30		
Westminster City Park	\$ 4.00	\$ 5.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 4.00	\$ 5.00	3-18, 60+	\$ 68.00	\$ 3.40	\$ 85.00	\$ 4.25	\$ 68.00	\$ 3.40	\$ 85.00	\$ 4.25	\$ 85.00	\$ 4.25	\$ 102.00	\$ 5.10	\$ 68.00	\$ 3.40	\$ 85.00	\$ 4.25		

	Annual Pass							*Family Pass Price Adjusted for 4*					
Recreation Center/City	Child 3-12		Youth 13-18		Adult 19-59		Senior 60+		Couple		Family		Family Annual Pass Details
	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res	
YMCA	\$ 418.00	\$ 418.00	\$ 418.00	\$ 418.00	\$ 737.00	\$ 737.00	\$ 594.00	\$ 594.00	\$ 968.00	\$ 968.00	\$ 1,056.00	\$ 1,056.00	
Bob L Burger Recreation Center	\$ 220.00	\$ 220.00	\$ 99.00	\$ 99.00	\$ 400.00	\$ 400.00	\$ 220.00	\$ 220.00					
East Boulder Recreation Center	\$ 315.00	\$ 420.00	\$ 315.00	\$ 420.00	\$ 606.00	\$ 780.00	\$ 392.00	\$ 513.00	\$ 956.00	\$ 1,193.00			
Erie Community Center	\$ 185.00	\$ 229.00	\$ 185.00	\$ 229.00	\$ 365.00	\$ 455.00	\$ 219.00	\$ 275.00	\$ 625.00	\$ 779.00	\$ 719.00	\$ 899.00	any 4 people up to 26 yrs & people over 65
Louisville Recreation Center	\$ 228.00	\$ 348.00	\$ 228.00	\$ 348.00	\$ 420.00	\$ 600.00	\$ 228.00	\$ 348.00	\$ 660.00	\$ 840.00	\$ 708.00	\$ 888.00	monthly rate x 12, 2 adult + under 19
Paul Derda Recreation Center	\$ 219.00	\$ 396.00	\$ 216.00	\$ 396.00	\$ 396.00	\$ 612.00	\$ 252.00	\$ 396.00	\$ 684.00	\$ 1,056.00			family based on # of people in house; kids on your tax return
Westminster City Park	\$ 199.00	\$ 299.00	\$ 199.00	\$ 299.00	\$ 339.00	\$ 439.00	\$ 199.00	\$ 299.00	\$ 499.00	\$ 599.00	\$ 599.00	\$ 699.00	2 adults/2 kids under 23

	Monthly Pass										
Recreation Center/City	Child		Youth		Adult		Senior		Family		Monthly Pass Details
	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res	Res	N/Res	
YMCA	\$ 38.00	\$ 38.00	\$ 38.00	\$ 38.00	\$ 67.00	\$ 67.00	\$ 54.00	\$ 54.00	\$ 88.00	\$ 88.00	\$ 96.00
Bob L. Burger Recreation Center	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 38.00	\$ 38.00	\$ 21.00	\$ 21.00			
East Boulder Recreation Center	\$ 70.00	\$ 81.00	\$ 70.00	\$ 81.00	\$ 70.00	\$ 81.00	\$ 70.00	\$ 81.00			
Erie Community Center	\$ 16.33	\$ 19.66	\$ 16.33	\$ 19.66	\$ 35.00	\$ 43.00	\$ 19.66	\$ 25.00	\$ 66.33	\$ 83.00	3 month pass ONLY
Louisville Recreation Center	\$ 19.00	\$ 29.00	\$ 19.00	\$ 29.00	\$ 35.00	\$ 50.00	\$ 19.00	\$ 29.00	\$ 59.00	\$ 74.00	
Paul Derda Recreation Center	\$ 18.00	\$ 33.00	\$ 18.00	\$ 33.00	\$ 33.00	\$ 51.00	\$ 21.00	\$ 33.00			
Westminster City Park	\$ 23.00	\$ 35.00	\$ 23.00	\$ 35.00	\$ 39.00	\$ 50.00	\$ 23.00	\$ 35.00			Easy Pay - gives a 1.05% discount on family monthly pass

					2018	2019	2020				
101053-434 Senior Grants	5,406	11,249	8,210	5,205	5,000	5,000	5,000	5,000	5,000	5,000	5,000
101053-437 Senior Meals Reimbursement	28,156	29,376	43,838	50,788	50,000	50,000	55,000	55,000	55,000	55,000	57,000
101053-445 Rec Center Membership Fee	764,517	798,686	763,710	784,744	732,848	934,908	1,121,800	1,177,984	1,236,883	1,298,727	1,363,664
101053-445 Rec Center Daily User Fees	84,456	80,602	88,423	85,709	73,535	120,000	126,000	132,300	138,915	145,861	153,154
101053-445 Rec Center Merchandise	1,352	2,099	902	1,208	1,052	2,000	2,200	2,300	2,400	2,500	2,600
101053-445 Rec Center Nite at the Rec	32,898	31,476	44,330	42,412	16,025	44,000	44,875	45,500	46,000	46,500	47,000
101053-445 Rec Center Nite at the Rec Merchandise	11,325	11,222	13,919	13,036	6,200	14,500	14,750	15,000	15,250	15,500	15,750
101053-445 Rec Center Child Care Fees	7,470	8,553	9,640	10,940	9,388	12,000	13,000	13,500	14,000	14,500	15,000
101053-445 Rec Center Concession Fee	7,643	6,932	8,135	9,094	6,885	10,000	10,200	10,400	10,600	10,800	11,000
101053-445 Rec Center - Rentals	102,750	99,078	73,531	20,137	8,500	28,000	30,000	31,500	33,075	34,728	36,465
101053-445 Unclassified - Rentals	30,553	30,038	27,365	28,274	30,000	31,500	33,075	34,729	36,465	38,288	40,203
101053-445 Rec Center Swim Lessons	119,503	106,622	102,823	119,516	62,000	120,000	126,000	132,300	138,915	145,861	153,154
101053-445 Rec Center Aquatics Contract Service Reimb	-	10,075	22,668	29,230	24,000	30,000	31,500	33,075	34,729	36,465	38,288
101053-445 Rec Center Aquatics Red Cross Service Reimb	1,212	36	220	765	1,800	2,000	3,500	3,500	4,000	4,000	4,000
101053-445 Rec Center Swim Team	22,753	26,777	22,290	20,269	18,000	20,000	21,000	22,050	23,153	24,310	25,526
101053-445 Memory Square Swim Admission	35,321	37,302	35,669	30,370	26,000	35,000	40,000	42,000	44,100	46,305	48,620
101053-445 Memory Square Swim Lessons	5,550	4,407	4,619	565	1,000	1,500	3,000	3,150	3,308	3,473	3,647
101053-445 Rec Center Youth Activity Fees	160,158	164,373	189,164	221,805	204,221	224,020	261,420	274,491	288,216	302,626	317,758
101053-445 Rec Center Youth Activities Contract Service Reimb	52,758	46,630	45,755	37,255	20,000	45,000	45,450	45,905	46,364	46,827	47,295
101053-445 Rec Center Youth Red Cross Service Reimb	2,628	1,584	1,214	-	-	-	-	-	-	-	-
101053-445 Rec Center Adult Activity - Fitness/Wellness	67,511	63,832	108,114	81,496	86,500	170,000	178,500	187,425	196,796	206,636	216,968
101053-445 Rec Center Adult Fitness Contract Service Reimb	42,857	43,693	46,903	41,158	40,000	45,000	47,250	49,613	52,093	54,698	57,433
101053-445 Rec Center Adult Fitness Red Cross	657	708	512	351	300	300	300	300	300	300	300
101053-445 Rec Center Youth Sports Fees	108,113	101,240	112,638	129,714	124,794	138,082	144,986	152,235	159,847	167,840	176,232
101053-445 Rec Center Youth Sports Contract Service Reimb	28,237	33,354	25,556	19,887	26,522	27,848	29,241	30,703	32,238	33,850	35,542
101053-445 Rec Center Adult Sports Fees	46,542	47,644	43,017	40,259	45,162	60,014	63,015	66,165	69,474	72,947	76,595
101053-445 Senior Fees	63,203	69,322	75,357	80,792	85,000	89,250	93,713	98,398	103,318	108,484	113,908
101053-445 Senior Fees Contract Service Reimb	8,285	12,721	15,280	14,348	14,000	14,500	14,750	15,000	15,250	15,500	15,750
101053-445 Senior Meals Contributions	18,913	18,624	16,499	15,185	13,000	15,000	15,250	15,500	15,750	16,000	16,250
MAC Gym						46,000	48300	50715	53251	55913	58709
Total						2,335,422	2,623,074				

2019 Recreation|Senior Center Proposed Fees

History

DAILY ADMISSION

- In 2006 after seeing a two year decline in daily admission and 20 visit passes purchased by residents and non residents, a new fee structure was implemented and the non resident daily admission was dropped.
- In 2010 the Daily Admission fee was increased \$1.00 for all age groups.
- In 2016 non resident fees were increased to reflect \$2.00 higher than resident rate.
- In 2017 non resident fees were increased an additional \$1.00 and are now \$3.00 higher than residents.
- **Proposed to increase all Daily Admission fees \$1.00**

History

PUNCH PASSES

- The 10 and 20 Visit Passes are a commitment to a block of visits, thus the discounted rate, and the fees are based off of Daily Admission fees. Current rates reflect a \$1.50 discount per visit off daily admission for residents and non residents.
- Resident punch passes fees were last increased in 2010. Non resident punch passes were increased in 2016 and 2017 as the daily admission fees increased. The price of punch passes is driven by the cost of daily admission. The goal is to have daily passes be the most expensive option, with a discount given for a punch pass where members commit to a bulk number of visits.
- **Propose to keep the discount of \$1.50 per visit off Daily Admission by purchasing a punchcard. Rates would increase if the proposed Daily Admission fee was implemented.**

History

MONTHLY PASSES

- Monthly passes were last increased for residents in 2010. Non resident monthly passes increased in 2010, 2016 and 2017.
- Current fees reflect a 43% higher fee for an adult non resident compared to a resident. Any increase to the monthly passes move concurrent with the cost per visit of the other 2 pass types. This is often a marketing tool to get guests to commit to a monthly auto debit and generate consistent revenue as a result.
- The other factor when setting fees is comparing to other area centers to ensure our center can be competitive with fees when other choices are available to visitors
- **Propose \$5.00 increase on all monthly passes, which would equate to \$60 increase to a 12 month pass.**

Fees Benchmark

Daily Admission (resident / Nonresident) and Monthly (resident / Nonresident)

East Boulder	\$8.25 / \$8.25	\$70 / \$81
Broomfield (Paul Derda)	\$5.00 / \$7.75	\$33 / \$51
Erie	\$4.50 / \$5.50	\$35 / \$43
Golden	\$6.25 / \$6.25	\$42 / \$48
Lafayette (Bob L Burger)	\$5.75 / \$5.75	\$38 / \$38
Longmont	\$5.50 / \$7.00	\$40 / \$50
Louisville	\$6.00 / \$9.00	\$35 / \$50
Loveland (Chilson)	\$5.25 / \$5.25	\$39 / \$43

2019 Proposed Fees

<u>Daily Admission</u>		2018 Proposed	
Youth	Res	\$ 4.00	\$ 5.00
	NR	\$ 7.00	\$ 8.00
Adult	Res	\$ 6.00	\$ 7.00
	NR	\$ 9.00	\$ 10.00
Senior	Res	\$ 4.00	\$ 5.00
	NR	\$ 7.00	\$ 8.00

<u>20 Visit Cards</u>		2018 Proposed	
Youth	Res	\$ 50.00	\$ 70.00
	NR	\$ 110.00	\$ 130.00
Adult	Res	\$ 90.00	\$ 110.00
	NR	\$ 150.00	\$ 170.00
Senior	Res	\$ 50.00	\$ 70.00
	NR	\$ 110.00	\$ 130.00

2019 Proposed Fees

<u>Annual Membership</u>		<u>2018 Proposed</u>	
Youth	Res	\$ 228.00	\$ 288.00
	NR	\$ 348.00	\$ 408.00
Adult	Res	\$ 420.00	\$ 480.00
	NR	\$ 600.00	\$ 660.00
Senior	Res	\$ 228.00	\$ 288.00
	NR	\$ 348.00	\$ 408.00
Couple	Res	\$ 660.00	\$ 720.00
	NR	\$ 840.00	\$ 900.00
Family	Res	\$ 708.00	\$ 768.00
	NR	\$ 888.00	\$ 948.00

2019 Proposed Fees

<u>Monthly Membership</u>		<u>2018 Proposed</u>	
Youth	Res	\$ 19.00	\$ 24.00
	NR	\$ 29.00	\$ 34.00
Adult	Res	\$ 35.00	\$ 40.00
	NR	\$ 50.00	\$ 55.00
Senior	Res	\$ 19.00	\$ 24.00
	NR	\$ 29.00	\$ 34.00
Couple	Res	\$ 55.00	\$ 60.00
	NR	\$ 70.00	\$ 75.00
Family	Res	\$ 59.00	\$ 64.00
	NR	\$ 74.00	\$ 79.00

Increased Revenue

- Staff is projecting the following revenue for Rec Center Membership fees in 2019: \$969,588 and \$127,922 in Daily User fees for a total of \$1,097,510.

Fees

- The Recreation and Golf Advisory Board reviewed and approved the proposed fees at the June 2018 meeting and the RAB subcommittee reviewed fees a second time in September 2018.
- The City Council Finance Committee has reviewed the proposed fees in March 2018.

Questions?

SUBJECT: 2019/2020 PAVEMENT MANAGEMENT FUNDING FOLLOW-UP

DATE: OCTOBER 4, 2018

PRESENTED BY: KURT KOWAR, PUBLIC WORKS DIRECTOR

SUMMARY:

Staff is providing follow-up for budget discussions related to the 2019/2020 Biennial Budget Process and associated Capital Improvement Plan (CIP).

To develop the 2019 – 2024 Pavement Maintenance Program staff utilized the Lucity Pavement Management Modeling Software. Synchronized in 2016 with the IMS Pavement Survey, this software provides pavement condition index (PCI) estimates based upon available funding and maintenance prioritization.

The current proposed CIP provides for approximately \$4,400,000 in funding during 2019. Current software modeling estimates that the City's PCI will be 72 by 2024. Funding versus PCI Figures and maps of areas of pavement Under 35 by year are provided for reference and discussion as necessary.

Previous discussions with City Council provided mixed ideas of what the Target PCI for the City should be with feedback varying between 70 and 75. Staff has provided an ongoing Target of 75. The current CIP provides an ongoing upward street network trajectory towards 75 but does not reach it during this planning period.

The backlog of streets under 35 varies from 1.53% to 3.35% during the planning period. In 2024 the backlog of streets under 35 is 1.53%.

The proposed CIP strikes a balance between cost and PCI.

FISCAL IMPACT

The current proposed CIP is currently integrated into the City Manager's balanced budget proposal.

Increases in the program funding will require additional project and/or operational cuts. Decreases in the program funding may provide for new projects and/or operational items.

PROGRAM/SUB-PROGRAM IMPACT:

A safe, well maintained, effective and efficient multi-modal transportation system at a reasonable cost.

SUBJECT: 2019/2020 PAVEMENT MANAGEMENT FUNDING FOLLOW-UP

DATE: OCTOBER 4, 2018

PAGE 2 OF 2

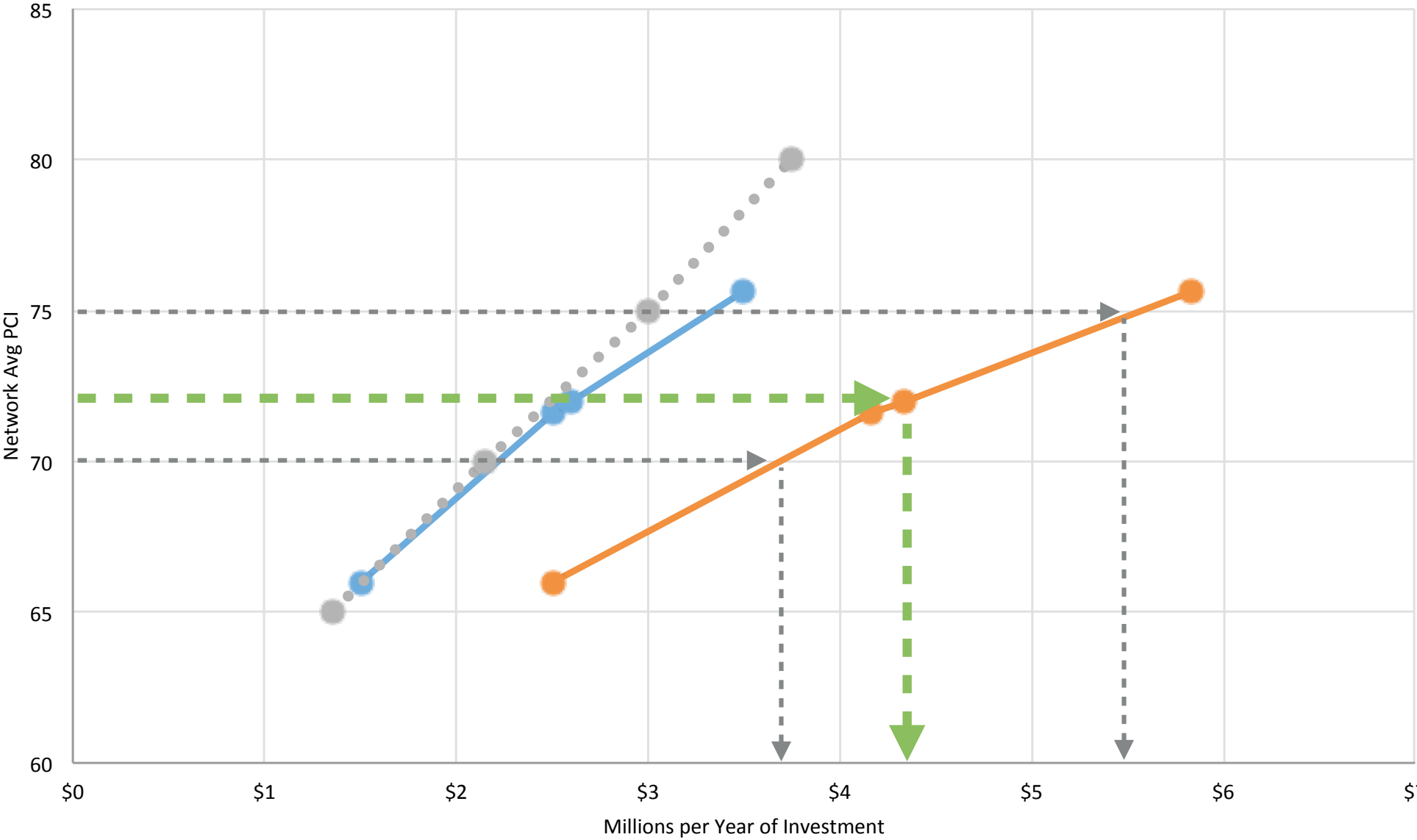
RECOMMENDATION:

Provide Staff direction that the 2019 – 2024 Pavement Management CIP is adequate OR provide staff direction with an explicit Council Approved PCI target for the 2019 – 2024 CIP.

ATTACHMENT(S):

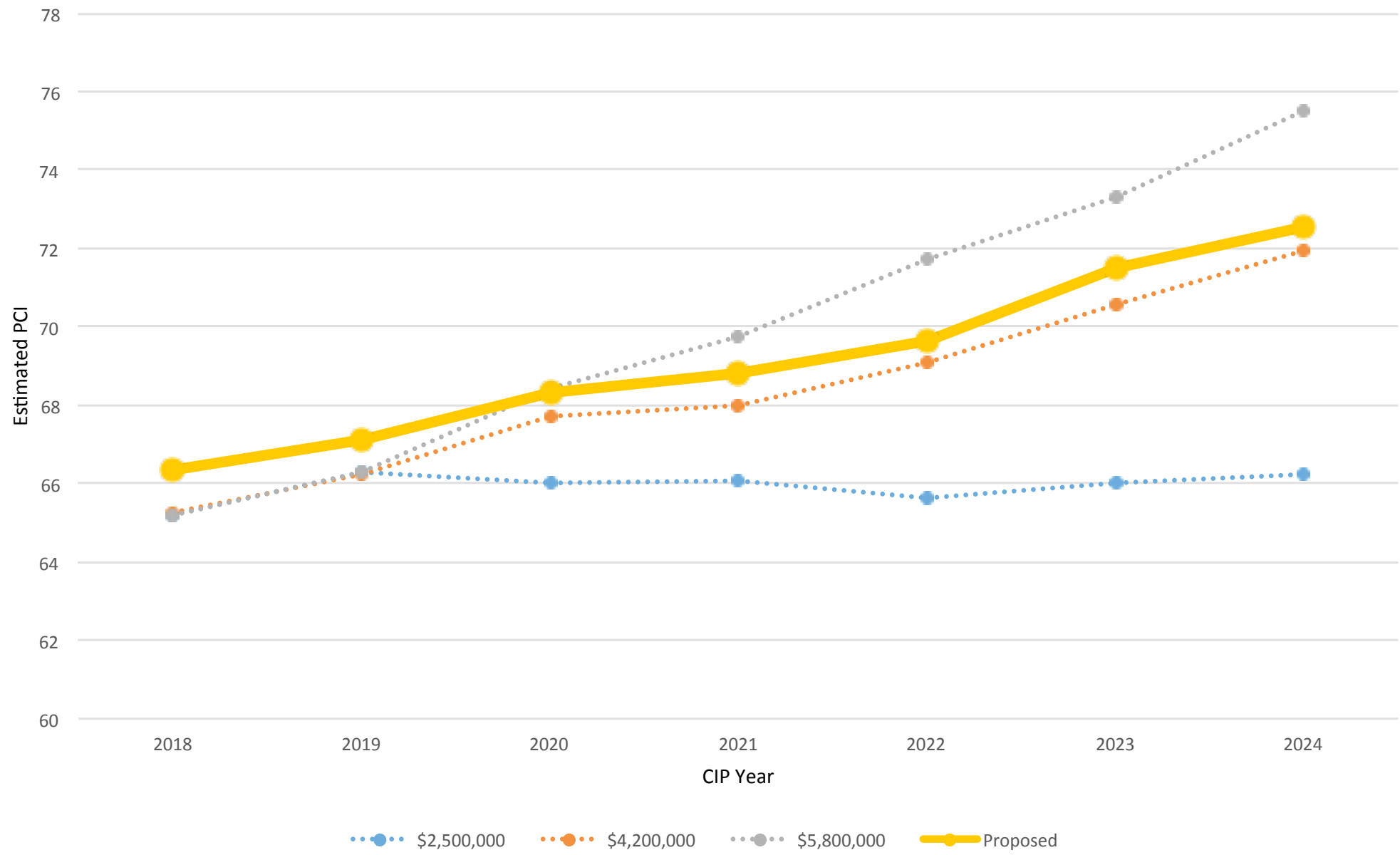
1. Figures and Maps

Annual Investment vs. Estimated PCI

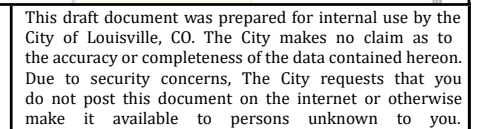


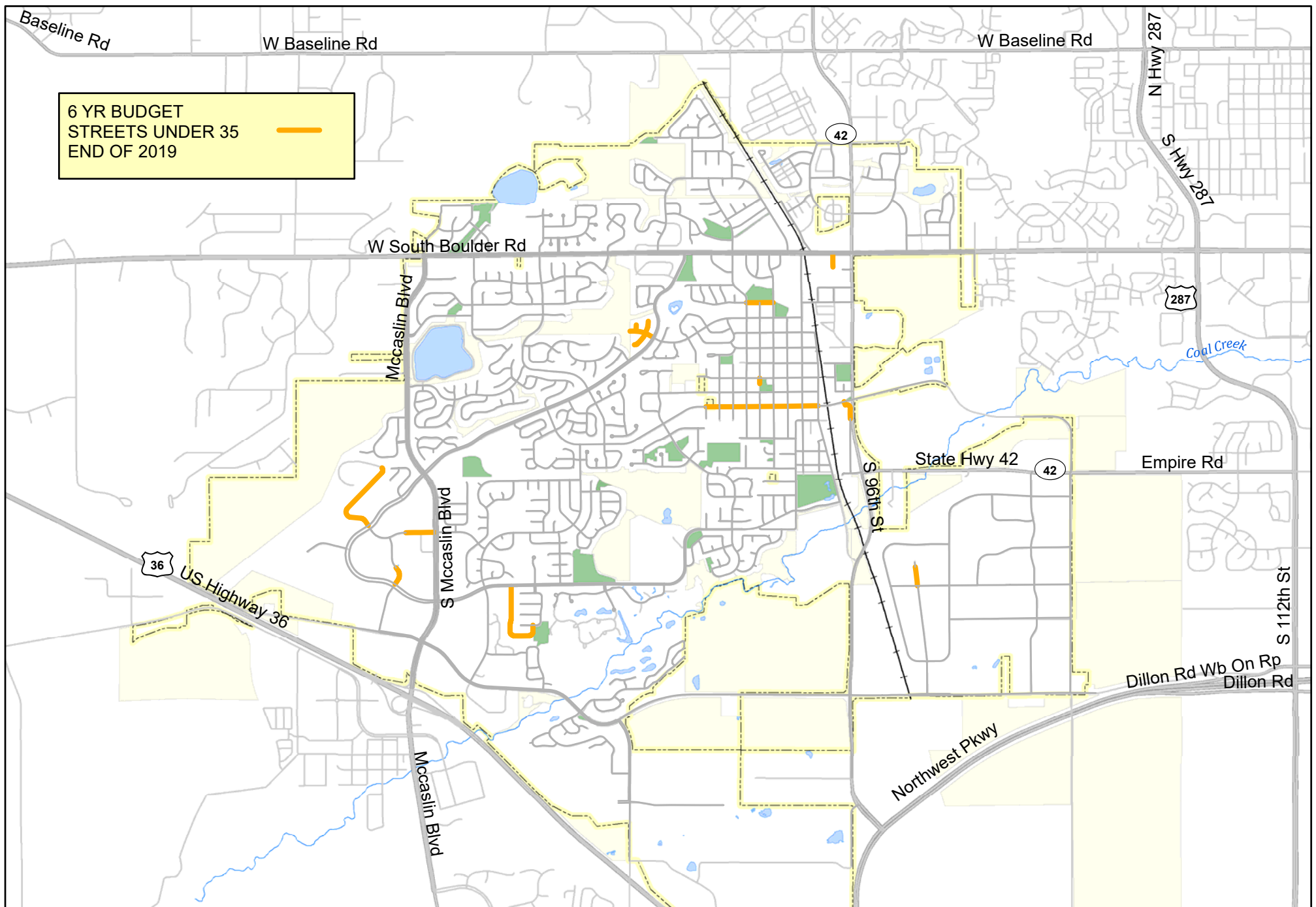
Asphalt Cost Asphalt w Concrete (40%) 2015/2016 IMS Asphalt Costs

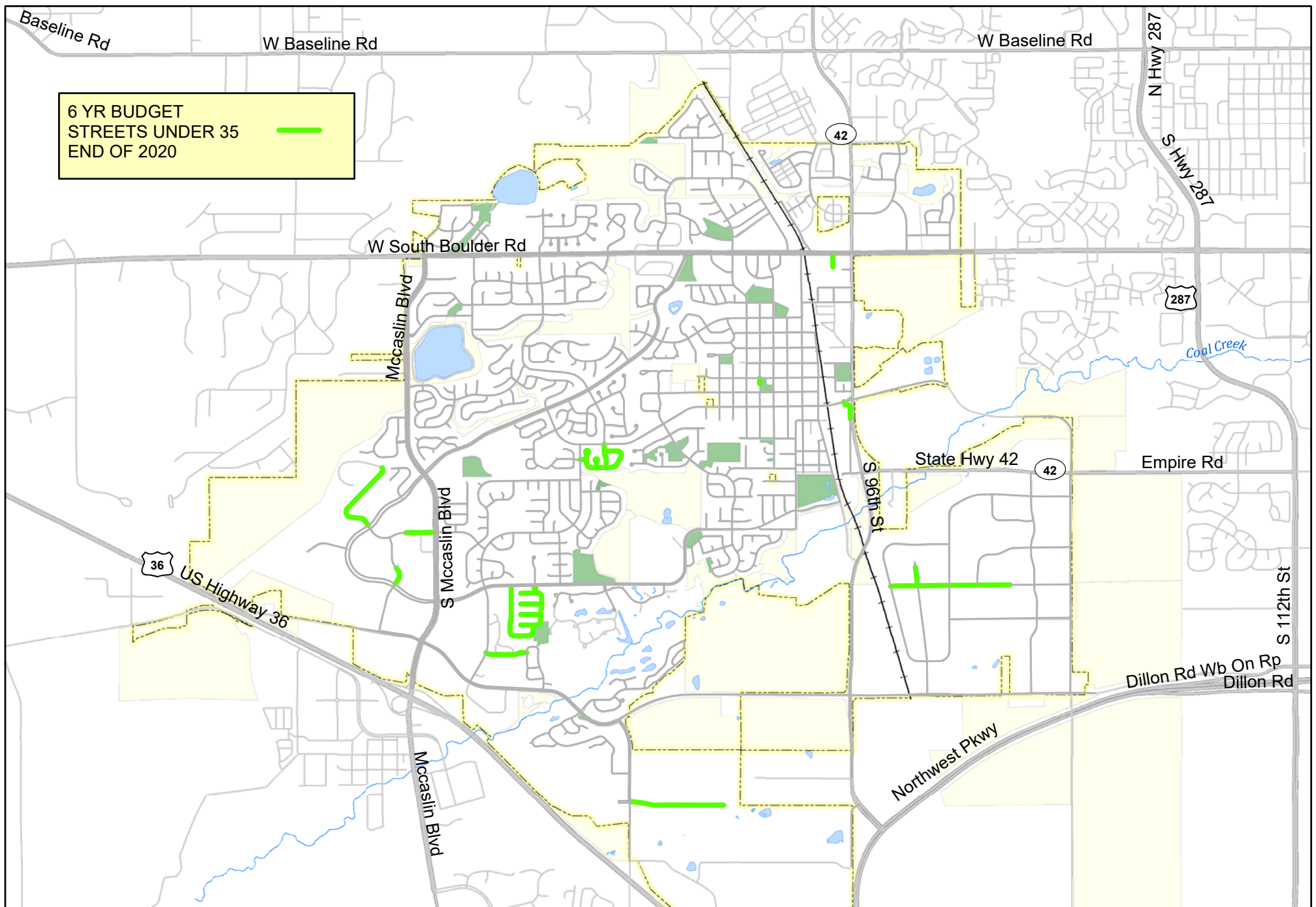
Software Estimated PCI Over Time
3 Funding Scenarios vs Proposed CIP

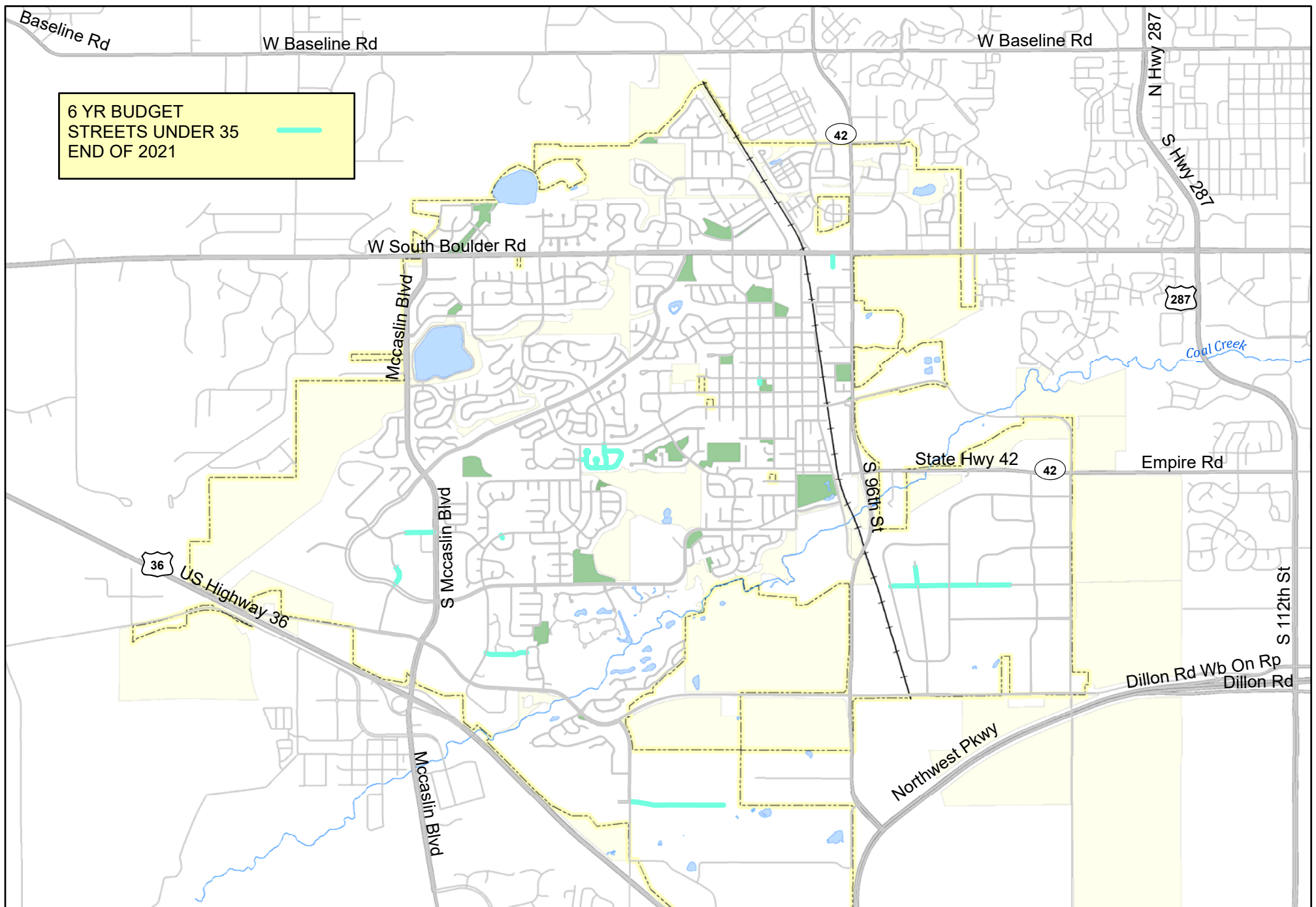


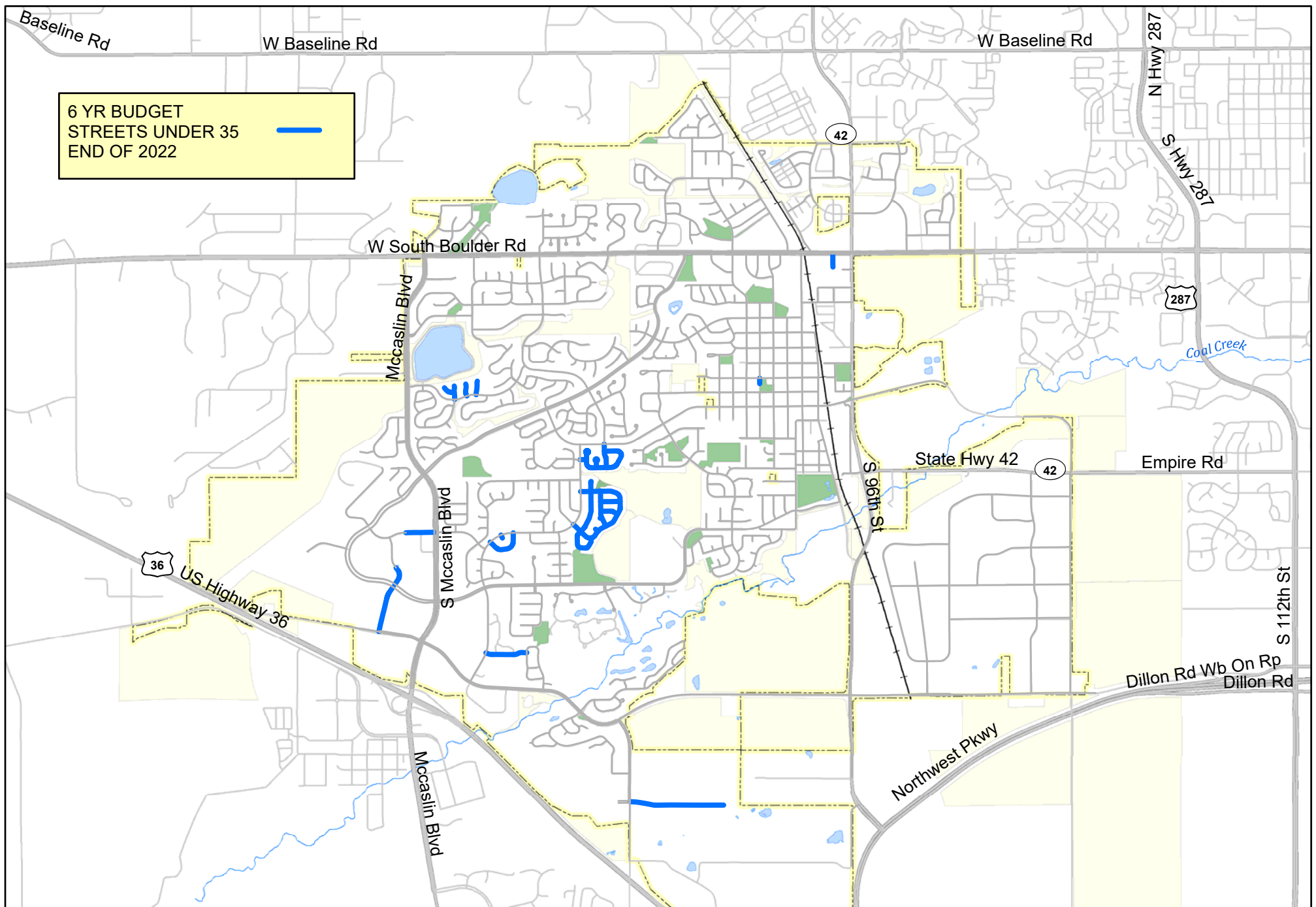
	% Under 35	Unscheduled	Hold
2018	1.60%	0.00%	0.06%
2019	2.12%	0.00%	0.06%
2020	3.42%	0.00%	0.06%
2021	2.22%	0.00%	0.06%
2022	3.35%	0.26%	0.06%
2023	2.31%	0.34%	0.06%
2024	1.53%	1.18%	0.35%

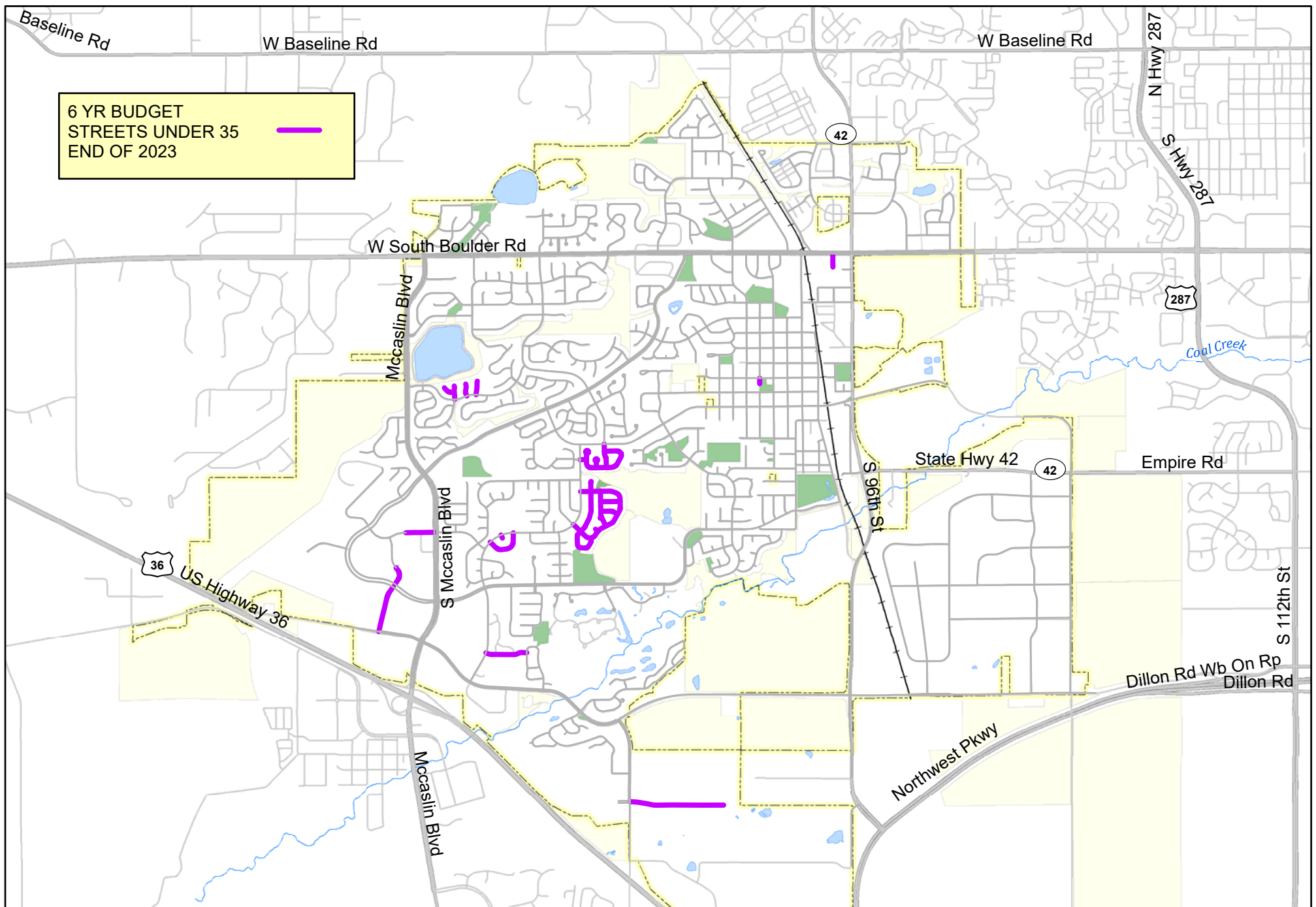


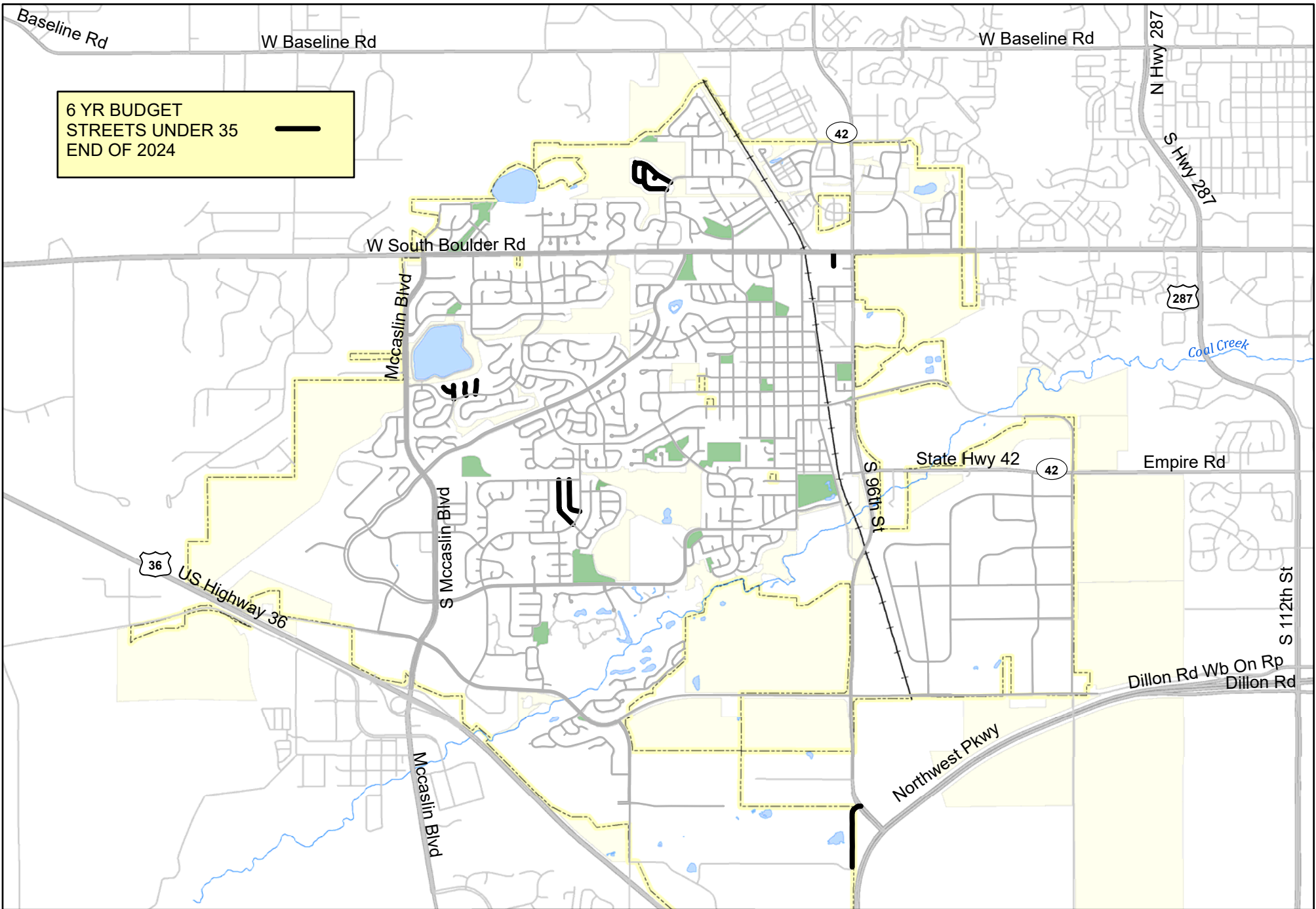














City Council
October 4, 2018

Addendum #1
Items Presented at the Meeting

SUBJECT: SUPPLEMENTAL INFORMATION FOR CITY MANAGER'S
PROPOSED 2019-2020 OPERATING AND CAPITAL BUDGET,
2019-2024 CAPITAL IMPROVEMENTS PLAN AND 2019-2024
LONG TERM FINANCIAL PLAN

DATE: OCTOBER 4, 2018

PRESENTED BY: HEATHER BALSER, CITY MAANGER
KEVIN WATSON, FINANCE DIRECTOR

SUMMARY:

A number of issues were discussed at the public hearing on October 2, 2018 for the budget discussion. Staff has provided some supplemental information in response. Additional power point slides, Attachment A, is provided and speaks to the following issues:

- 1) Information on revenue assumptions and expenditure targets, and expenditure projections.
- 2) Assumptions for 2019-2020 employee compensation costs.
- 3) Past General Fund subsidies for Recreation Center and Memory Square Pool.
- 4) Proposed General Fund operating and support transfers.
- 5) Information related to the Golf Course Fund budget, a slide without General Fund support and a slide without General Fund support and without water charge. There is also some further discussion on why the city charges for water. Specifically, the Golf Course is charged the following rates depending on the water source being utilized:
 - Raw Water – No Charge.
 - Reuse Water – 75% of the current Residential Potable Rate of \$5.47 per 1,000 gallons which is \$4.10 per 1,000 gallons.
 - Potable Water – Current Commercial Rate based upon 1 ½" Meter Size. \$3.02 per 1,000 gallons up to \$9.23 per 1,000 gallons dependent on inclining tier structure. (Link for current water rates below)
 - <http://www.louisvilleco.gov/home/showdocument?id=19061>Water source utilization by the Golf Course is dependent upon the time of year and available water rights.
- 6) A list of projects that could be reclassified to the General Fund as operational expenses. This will have a significant impact on the General Fund, especially those large and recurring amounts which have historically been included in the Capital Projects Fund.
- 7) Athletic Fields division information.

SUBJECT: 2019-2020 BUDGET

DATE: OCTOBER 4, 2018

PAGE 2 OF 2

Additionally, Attachment 2 includes highlights for changes in KPI data for the 2019-2020 budget as it relates to those areas that received additional staffing and/or resources.

FISCAL IMPACT:

2019-2020 budget implications.

RECOMMENDATION:

Discussion/Direction

ATTACHMENT(S):

1. Additional Power Point Slides for October 4 Special Meeting
2. Changes in KPI Data for 2019-2020 Budget

City Manager's Recommended:

**2019-2020 Operating & Capital Budget,
2019-2024 Capital Improvements Plan, and
2019-2024 Long-Term Financial Plan**

Responses to Requests for Information

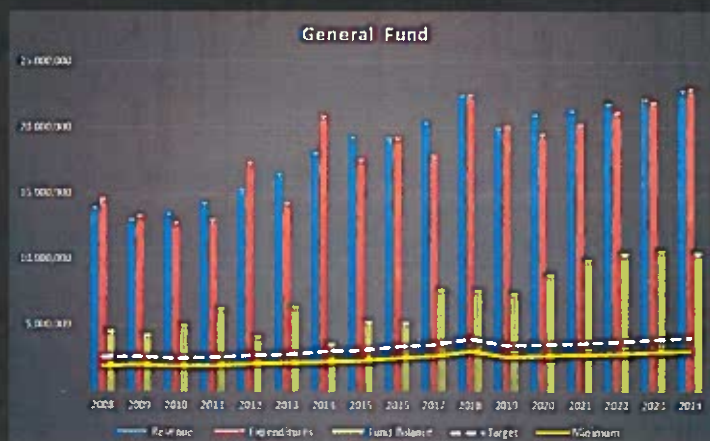
**Special Meeting
October 4, 2018**

Revenue Assumptions & Expenditures Targets in Long-Term Financial Plan (LTFP)

- Revenue Projections referred to as "Assumptions"
 - Best guess based on recent trends, anticipated influences, etc.
- Expenditure Projections referred to as "Targets"
 - Implies more Council control over expenditures, not just a "best guess."
 - Council controls the "cost of government" and service levels
- Projections can be labelled with a term the Council is comfortable with

Expenditure Projections

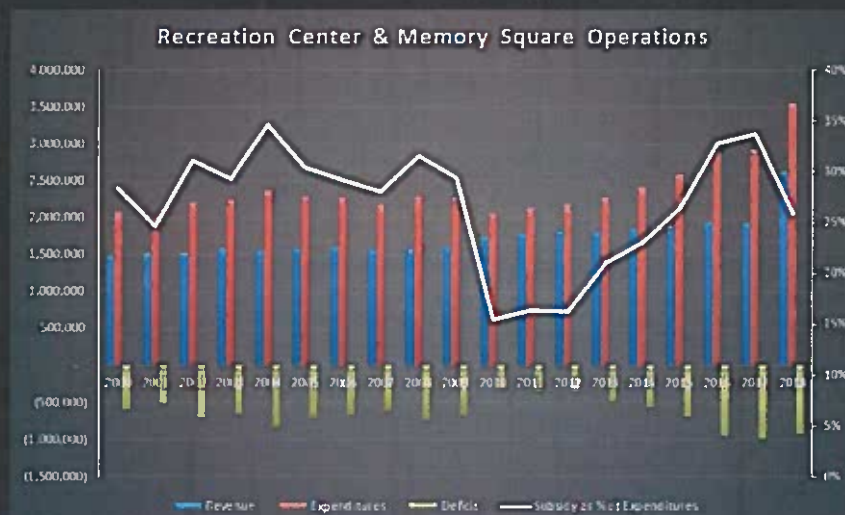
- Changing the “targeted” amount of expenditures can significantly affect the LTFP. Example = 5% to 3% annual wage growth.



Assumptions Used for 2019-2020 Employee Compensation Costs (page 47, 10/02 packet)

- Employee health insurance costs have been increased by 3% for 2019 and 12% for 2020. No increase is projected for vision and dental insurance costs for 2019 or 2020.
- The actual 2019 market adjustments have been determined. The 2019-2020 proposed biennial budget includes these adjustments that will be made in January 2019. In addition, a one-step increase in the police grade-and-step tables has been made to account for police employee's 2019 market adjustments. For 2020 market adjustments, a 1% increase has been applied across the regular benefitted employee base, excluding police employees.
- Merit increases equal 4% per employee for both 2019 and 2020 have been applied for both regular benefitted and variable non-benefitted employees. A one-step increase in the police grade-and-step tables has been applied to account for merit increases.

Past General Fund Subsidies for Recreation Center & Memory Square Pool



Proposed General Fund Operating Support Transfers

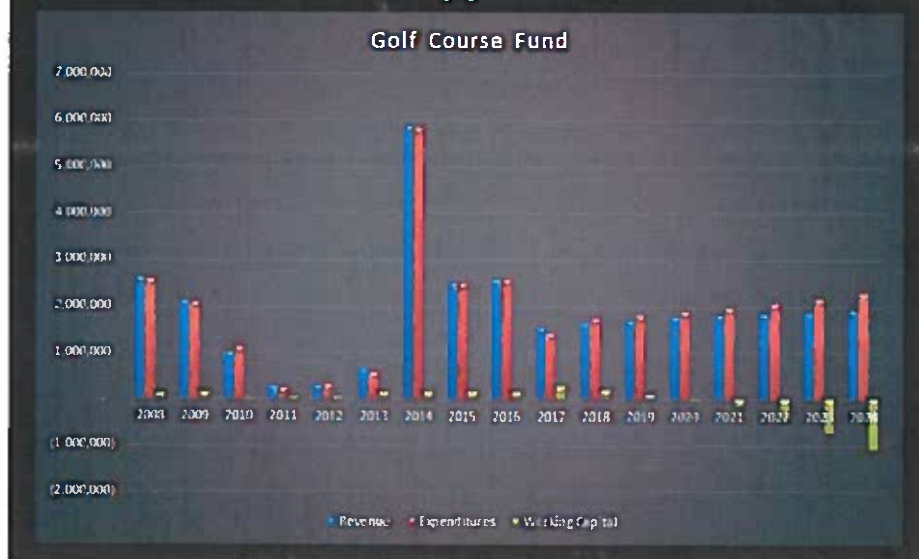
General Fund Operational Support Transfers
Projected for 2019 Through 2024

Operational Support Transfers To:	2019	2020	2021	2022	2023	2024	Totals
Open Space & Parks Fund	845,690	877,390	910,290	947,150	975,130	1,006,820	5,562,450
As Percent of Total Expenditures	27%	26%	25%	26%	26%	27%	
Cemetery Fund	102,600	100,950	106,570	112,220	120,240	120,700	671,280
As Percent of Total Expenditures	56%	53%	54%	54%	54%	55%	
Recreation Fund	1,500,460	873,780	980,090	1,125,340	1,167,760	1,279,480	6,927,910
As Percent of Total Expenditures	37%	17%	19%	21%	21%	22%	
Golf Course Fund	100,500	132,100	157,980	204,560	500,000	370,050	1,365,190
As Percent of Total Expenditures	10%	7%	8%	11%	14%	16%	
Totals	2,649,250	1,984,120	2,154,930	2,412,170	2,562,990	2,776,030	14,540,440

Golf Course Fund Budget

- Variable hours (non-benefitted positions) do not represent current service levels. Due to:
 - Operations & Pro Shop Division thought past budgets included 15,000 hours – was actually 10,000 hours.
 - Golf Course Maintenance Division proposed more regular (benefitted) hours and less variable (non-benefitted) hours. Proposal was declined, but did not add back variable hours (2,700) to 2019-2020 budgets.
- Golf Course staff will look at all aspects of budget, including revenue, and submit amendments.

Golf Course Fund – Without General Fund Support



Golf Course Fund – Without General Fund Support & Without Water Charge



Reasons for Charging City Facilities for Water Use

- Financial Management and Accounting – discloses true cost of operating facilities.
- Eliminates disclosures to bondholders and bond rating agencies of free water provided to largest customer.
- Promotes conservation.
- Prevents water users from subsidizing other facilities through increased water fees. Keeps water fees as charged to provide water services only – not treated as unrestricted “taxes”.
- TABOR

Capital Improvements Plan Reclassification of Operating Costs

City of Louisville, Colorado Six-Year Capital Improvements Plan for the Years 2019 - 2024 Capital Projects Fund Projects that could be Reclassified to the General Fund as Operational							
Project Description	2019 Planned	2020 Planned	2021 Planned	2022 Planned	2023 Planned	2024 Planned	6 Year Totals
Space Needs Study	-	-	50,000	-	-	-	50,000
Document Management Enhancements	35,000	35,000	35,000	-	-	-	105,000
Interview Laptops	7,000	-	-	-	-	-	7,000
Historical Museum Staff Workstations	10,000	-	-	-	-	-	10,000
Police Dept Furniture, Fixtures, & Equipment	8,500	12,000	-	-	8,500	8,500	37,500
Handheld Portable Radio Replacement	5,800	-	-	-	-	-	5,800
Police Dept Interview Parking	41,480	-	-	-	-	-	41,480
Additional Radio Receivers	4,500	-	-	-	-	-	4,500
Police Dept Replacement Door Locks	45,000	-	-	-	-	-	45,000
Repair Railings at Walk-Underpass Headwall	30,000	30,000	30,000	-	-	-	90,000
Painting Street Light Poles	90,000	90,000	90,000	90,000	90,000	90,000	540,000
Monterey Square Paster (RC Sales Tax Trf)	105,000	-	-	-	-	-	105,000
Traffic Signal Painting	-	80,000	60,000	60,000	60,000	60,000	320,000
Decorative Streetlight LED Conversion	50,000	135,000	100,000	110,000	100,000	100,000	595,000
City Hall Carpet Replacement	-	-	60,500	-	-	-	60,500
Library Carpet Replacement	-	-	195,000	-	-	-	195,000
Police Dept Carpet Replacement	-	-	61,000	-	-	-	61,000
	435,280	387,000	709,500	260,000	253,500	253,500	2,301,780

Athletic Fields Division

- Currently structured as part of Program 53, Recreation, as directed by former City Manager.
- Currently included in the new Recreation Fund.
- Options:
 - Restructure to Program 51, Parks.
 - Move from Recreation Fund back to General Fund or to Open Space & Parks Fund.
 - Will also need to move associated revenue -- problematic and may need to wait until 2020.

Changes in KPI Data - 2019/2020 Budget

Public Information/Involvement

- Increase in website content updates due to additional coordination (from 400 to 700)
- Increase in social media posts due to additional staff capacity (from 200 to 400)
- Increase in press releases issues due to additional staff capacity (from 20 to 30)
- Increase in website enotification subscribers due to additional marketing (from 1,500 to 2,600)
- Increase in website visitors due to additional marketing (from 250,000 to 300,000)
- Increase in social media followers due to additional staff capacity (from 4,400 to 6,000)

Information Technology

- Increase in data networks (from 55 to 65), enterprise devices (from 940 to 1,200), servers (from 73 to 90) and enterprise applications (from 31 to 38) due to increasing technology needs will be supported by new data analyst position
- Additionally, data analyst will look at managing RUN (from 65% to 75%), GROW (from 13% to 15%) and TRANSFORM (from 12% to 10%) operations to meet targets by developing utilization and efficient use of existing systems

Human Resources

- Increase in training classes offered (from 12 to 24)
- Decrease in employee relations cases due to additional training (from 25 to 15)
- Increase in employee satisfaction with climate due to additional training and career development (from 4.02 to 4.5)
- Decrease in employee turnover due to additional training for supervisors and more engaged and satisfied employees (from 15% to 10%)
- Increase in satisfaction rating for training classes offered due to additional training program/career development (from 85% to 90%)

Arts/Events

- Increase in number of Cultural Council events managed (from 20 to 35) - *revised*
- Increase in marketing cost/attendee (from \$.16 to \$.30)
- Increase in opportunities to participate in special events/community activities rating (from 68% to 78%) - *revised*
- Increase in attendees at LCC events (from 6,000 to 8,500) - *revised*
- Increase in total LCC revenue of tickets sold (from \$5,000 to \$7,500) - *revised*

Forestry

- This sub-program/KPI was eliminated in 2016 because costs associated with this sub-program are included in the Parks, Streetscapes and Open Space sub-programs and would result in double counting of measures.

- Staff has requested an increase in funding for forestry (additional \$20,000 over 2019 & 2020) and will look into how funds are allocated (i.e. in-house/contractors, inventory, consultations, inspections, replacement, trimming) and develop measures for program outcomes.
- Current KPIs that involve some aspect of forestry are listed below. Most of these measures incorporate other aspects of Transportation/Parks/Open Space maintenance, however.
 - Streetscapes, Transportation KPI
 - Increase from trees pruned/removed (from 325 to 400)
 - Cost per tree (from \$125 to \$133)
 - Parks, Parks KPI
 - Park maintenance (from 36,500 hours to 37,460)
 - Park expenditures per acre (from \$3,700 to \$4,000)
 - Maintenance & Management, Open Space & Trails
 - Open space expenditures (from \$310,040 to \$470,524)
 - Open space expenditures per acre (from \$446 to \$677)

Reference Desk

From: Meredyth Muth on behalf of Open Records
Sent: Thursday, October 04, 2018 5:51 PM
To: Reference Desk
Subject: FW: Financial Policies and Rec Center Fees

MEREDYTH MUTH

CITY CLERK
CITY OF LOUISVILLE
303.335.4536
303.335.4550 FAX
www.LouisvilleCO.gov
MeredythM@LouisvilleCO.gov



*The City Clerk's Office is collecting feedback to improve our customer service.
Please let us know how we are doing by completing this short [survey!](#)*

From: Michele Van Pelt [<mailto:mvanpelt4@gmail.com>]
Sent: Thursday, October 4, 2018 10:37 AM
To: City Council <Council@louisvilleco.gov>
Cc: Lisa Norgard <lnorgard12@gmail.com>; Tracy Winfree <twinfree@louisvilleco.gov>
Subject: Financial Policies and Rec Center Fees

Mayor and City Council members,

Thank you for your consideration of amendments to the financial policies, specifically with respect to the Recreation and Golf Course Fund Reserves. I am unable to attend tonight's meeting but still would like to pass along my support of the amendments as outlined in the Council Communication. As a member of the Recreation Advisory Board and its Finance Subcommittee, I have spent hours with staff gaining a better understanding of the budget, financial operations and long term needs of both facilities. This policy helps ensure that these community assets will thrive in the long-term.

Specifically, creating a capital asset renewal and replacement (R&R) fund for the Recreation Center will ensure that the current investment in an amazing facility will be maintained long into the future. And providing capital funding support for the Golf Course will help ensure that necessary improvements and enhancements can be made to keep our facility competitive with others in the region. Additionally, allowing for an annual transfer to both entities from the General Fund to fund any operational deficits will allow the facilities to better meet their strategic objectives. The Recreation Center will be able to provide low cost services to our community's youth and seniors; and the Golf Course will be able to remain competitively priced (the regional golf population is very price sensitive).

It is important to remember that when we used the Green Play analysis to determine an appropriate sale tax increase to present to the voters, elimination of the current general fund subsidy to the Recreation Center was not factored into the analysis; the sales tax amount was designed to cover incremental new costs, including R&R, for the expanded facility. Hopefully, as the center reopens to its full capacity and the community sees

what a wonderful asset we have, and if sales tax revenues continue to exceed projections, the amount of the General Fund contribution can be minimized. But having a policy that provides a subsidy, as needed, is critical.

The Golf Course has not typically received, or needed, a General Fund contribution but as the facility ages (following the post-flood rebuilding), maintenance will become more essential, which requires additional staff, and the substantial cost of water will need to be absorbed. A policy that allows for a General Fund contribution will ensure that the Golf Course does not have an operating loss if revenues fall short of budget is very important.

Thank you for your time.

Sincerely,
Michele Van Pelt
842 Trail Ridge Dr.

--

Thanks, Michele